Austria ... Sch. 20	Indonesia ... Rp 3100	Philippines ... Pes. 20
Bahrain ... Din.0.650	Israel ... NS 3.50	Portugal ... Esc 100
Belgium ... BFr 45	Italy ... L 1800	S. Arabia ... Rls 6.00
Canada ... C$1.00	Japan ... Y600	Singapore ... S$ 4.10
Cyprus ... C£0.75	Jordan ... Fils 500	Spain ... Pta 125
Denmark . DKr.9.00	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt .... E£1.50	Lebanon . £1.25.00	Sweden .. SKr 8.00
Finland .. Fmk 7.00	Luxembourg . LFr.45	Switzerland SFr 2.20
France .. FFr. 6.50	Malaysia .. Rls 4.25	Taiwan ... NT $65
Germany . DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 1.375
Greece ..... Dr 80	Morocco .. Dh 6.00	Turkey .... L 350
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. .... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,132 | Tuesday January 13 1987 | D 8523 B

Young make violent comment on German politics, Page 3

World news

French rail strike crumbling

The French rail strike seemed close to an end last night as drivers at some of the more militant depots voted to return to work. Electricians were already back after wage concessions by the national electricity authority.

Right wing parties rallied thousands of Parisians in protest against the stoppages and one demonstration included slogans shouted against President Francois Mitterrand. The Paris metro remained disrupted but fresh talks are due today. Page 2

Israelis raid Sidon

Three Palestinian guerrillas were killed and 13 people wounded when Israeli warplanes raided targets near Lebanon's southern port of Sidon, police said.

New US spokesman

The White House named veteran government information officer Marlin Fitzwater to replace Larry Speakes as President Reagan's chief spokesman from February 1. Mr Speakes is leaving to join Merrill Lynch. Page 4

Riots in Karachi

At least 24 people were injured and about 100 shops and houses set on fire during riots in Karachi which followed the rape and murder of two young women.

Jaruzelski visit

Polish leader General Wojciech Jaruzelski arrived in Italy for his first official visit to the West since the 1981 imposition of martial law plunged his country into international isolation. He was met in Rome by Italian Prime Minister Bettino Craxi.

Afghan rebels meet

Leaders of the main Afghan rebel alliance met in Peshawar, Pakistan, to consider their response to the Soviet-backed Government's peace initiative. A Kabul-declared ceasefire is due to begin later this week. Page 4

Maputo reshuffle

Mozambican Security Minister Sergio Vieira has been sacked along with the governors of Tete and Zambezia provinces in a government reshuffle. Six African National Congress officials left the country last week following South African pressure. Page 4

Aquino press ban

President Corazon Aquino, who restored press freedom to the Philippines, ordered the closure of a newspaper loyal to former President Ferdinand Marcos and told national television it must not broadcast an interview with sacked Defence Minister Juan Ponce Enrile.

Prince quits marines

Britain's Prince Edward has decided to resign his commission in the Royal Marines "after much consideration," Buckingham Palace announced.

Iceland fishing crisis

Iceland's Premier Steingrimur Hermannsson said he was recalling parliament because of a strike by around 5,000 fishermen. They have been on strike since January 1 demanding a higher share of the catch.

Iranians 'trapped'

Iraq claimed it has trapped Iranian troops in a "killing zone" on the southern Gulf War front and said its aircraft had struck at five Iranian cities. Page 4

Never on Sunday

Liberian President Samuel Doe banned the sale of all goods on Sundays, calling it a sin. He said anyone who flouted the ban would be arrested.

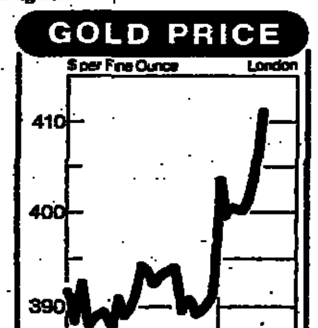
Business summary

Japanese protest at EEC plan on duties

JAPAN'S powerful Keidanren confederation of business organisations has sent a letter of protest against proposals to extend European anti-dumping duties to heads of state and top officials of all EEC countries. Page 5

OWENS-ILLINOIS, largest US glass container maker, rejected a proposal from Wall Street investment firm Kohlberg Kravis and Roberts to take the company private in a $3.3bn leveraged buy-out. Page 23

GOLD rose $6.75 on the London bullion market to close at $411. In Zurich it also rose to $411.05 ($402.45). Page 34



WALL STREET: The Dow Jones industrial average closed 3.51 up at 2,009.42. Page 42

LONDON equities hit another record on overseas buying. The FT-SE 100 index gained a further 3.3 to 1,755.6 and the FT Ordinary added 3.0 to 1,389.4. Gilts firmed. Page 42

TOKYO lost ground as the yen rose. The Nikkei average dropped 141.34 to 18,669.02 in volume of 403m shares. Page 42

DOLLAR closed in New York at DM 1.89601 SFr 1.5865; FFr 6.3065 and Y157.40. It fell in London to DM 1.8905 (DM 1.9175); it also fell to Y156.70 (Y158.10); to SFr 1.5805 (SFr 1.6045); to FFr 6.2875 (FFr 6.3975). On Bank of England figures the dollar's exchange rate index fell 0.1 to 106.9. Page 35

STERLING closed in New York at $1.4870. It rose in London to $1.4915 ($1.4775); and to Y233.75 (Y233.50); but fell to DM 2.82 (DM 2.8325); to SFr 2.3575 (SFr 2.3700); and to FFr 9.3775 (FFr 9.4525). The pound's exchange rate index rose 0.1 to 68.9. Page 35

LORAL, fast growing US defence electronics group, has entered a definitive agreement to buy Goodyear Aerospace Corporation, part of the US tyre company, for $640m in cash. Page 23

SWISS REINSURANCE, the world's second biggest specialist reinsurer, reports the size and frequency of losses through catastrophes have risen steeply during the 1980s, having cost insurers more than $36bn in the past 15 years. Page 27

PHARMACIA, Swedish pharmaceuticals and biotechnology group, has raised SKr 225m ($33.5m) from about 20 Swedish companies to finance research into biosensors. Page 23

AEROSPATIALE, French aircraft manufacturer, suffered an 18 per cent fall in orders last year to FFr 28.6bn ($4.5bn) on the previous year but expects an "honourable performance" this year. Page 27

CZECHOSLOVAK leadership has outlined plans to give companies more independence in determining the goods they produce and how to sell them for the next five-year plan from 1991. Page 3

APPLE COMPUTER, US computer maker, has introduced an updated version of its 11e Personal Computer which will retail at $829. Page 23.

HITACHI, Japanese consumer products group, is investing £7m ($10.3m) at its UK factory in South Wales for diversification into microwave oven manufacture. Page 9

TRANSPORT CHAOS FOLLOWS LOWEST TEMPERATURES FOR 25 YEARS

Deaths as Arctic weather engulfs Europe

BY OUR FOREIGN STAFF

BITTER weather brought the coldest temperatures for 25 years to northern Europe yesterday, causing the deaths of dozens of people and seriously disrupting transport in many cities.

In the Soviet Union, at least 48 deaths were caused by fire as people used faulty electric heaters. In addition, avalanches killed 29 people in Georgia and 13 people in eastern Turkey.

Two people died in Budapest when two trains collided in a blizzard and a Polish forestry inspector, a Greek border guard and a Munich tramp froze to death. Three Greek and three Italian fishermen died at sea and, in the Netherlands, a six-year-old boy died when he fell through thin ice. In France the cold killed two tramps near Marseille, a jogger and a Brittany fisherman.

In the Soviet Union, hardest hit by the Arctic conditions, the mercury plunged to a record −39°C in the village of Dmitriev, 300 miles south of Moscow, for the third day running.

Britain was also in the grip of freezing temperatures and biting winds with some areas, including London, experiencing the coldest January day since records began in 1840. The midday temperature in *London was −7°C and the chimes of* Big Ben were stilled when the hammers froze.

Other parts of Britain including the Pennines in the north had overnight temperatures of −16°C and weathermen forecast that it would stay below freezing until the weekend because of the effect of icy winds from Scandinavia and Siberia.

The promise of a continued bitterly cold spell helped push up prices for crude oil and refined products on both sides of the Atlantic. The spot price of Brent crude for February delivery rose 40 cents to $18.78 a barrel while in the US West Texas Intermediate blend reached $19 a barrel. Page 22

Travel *conditions* were particularly bad in south-east Britain. Some areas near the Thames estuary were cut off. Many train services did not run and others operated a curtailed and erratic service. A British Rail spokesman said: "It is a nightmare. We just can't cope in some areas." At Westcliff, Essex, the sea froze along a 700-yard stretch

Road conditions were treacherous throughout the day, with snow ploughs and gritting machines at times unable to keep pace with the heavy snowfall. Police in the West Midlands rescued 300 lorry drivers stranded in their cabs when their diesel fuel froze.

In Sweden, people were urged not to use their saunas, washing machines and extra heating as electricity consumption reached record peaks.

Heavy snowfalls across the country played havoc with the normally punctual train and postal services and Swedish state railways warned people to dress warmly in case they had to wait for trains. In some areas schools closed and farmers struggled to keep their cow sheds supplied with water.

A national newspaper published a hotline telephone number for anxious pet owners to seek advice on how to look after their animals in the cold.

In the Soviet Union, government and industry attempted to keep the country's transport system working in the face of some of the worst conditions since the war.

One of the Government's priorities is to ensure that coal and fuel *oil reaches power stations.* The Communist Party newspaper Pravda said that on the railways about 25,000 *freight* cars were stalled out of a total of 1.9m.

The most serious impact of the cold weather in the last bad winter of 1984-85 was to cut oil output leading to a serious loss of oil export

Continued on Page 22

Dollar slide puts fresh strain on realigned EMS

BY OUR FINANCIAL AND FOREIGN STAFF

THE DOLLAR'S pronounced weakness yesterday threatened renewed strains, within the European Monetary System (EMS) only hours after details were finalised of the weekend realignment.

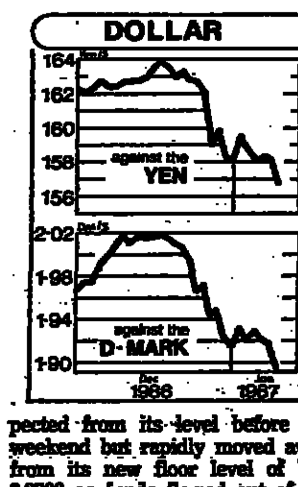
It fell sharply against the Japanese yen and the D-Mark despite intervention by the Bank of Japan and the Bundesbank. In London, it closed at DM 1.8905 – its lowest level since November 1980 – and well below Friday's close at DM 1.9175. It closed at Y156.70 compared with its pre-weekend close of Y158.10.

European Community finance ministers agreed to revalue the D-Mark and the Dutch guilder by 3 per cent and the Belgian and Luxembourg francs by 2 per cent while the French franc's central rate within the system was unchanged. Requests by the Danish and Irish governments to revalue their currencies were denied.

The Japanese central bank's intervention in Tokyo apparently tried to stop the dollar from slipping below Y158. Mr Kiichi Miyazawa, Japan's Finance Minister, said at a press conference in Hiroshima that he was confident that the yen would not rise further.

However, after a short-lived bout of dollar purchases in an initial reaction to the realignment in early European trading, the dollar resumed its fall.

In Paris, the D-Mark fell as expected from its level before the weekend but rapidly moved away from its new floor level of FFr 3.2792 as funds flowed out of the dollar and into the West German currency.



The official fixing took the D-Mark to FFr 3.3212, less than 1 centime below Friday's fix of FFr 3.3303, its old EMS floor.

French foreign exchange dealers said they were disappointed that the D-Mark had been revalued by so little and that the Belgian franc had followed it upwards. They were concerned that any further weakness of the US dollar would again strengthen the D-Mark against the French franc and quickly force another EMS realignment.

US data for retail sales and industrial production are due later this week. These are expected to show healthy rises which could provide a respite for the dollar. Foreign exchange dealers pointed out, however, that the market virtually ignored last Friday's encouraging news of a rise in US civilian jobs in December and sentiment remains firmly set against the dollar.

If the D-Mark continues to appreciate as a result of the dollar's weakness, West Germany is likely to come under increasing pressure to cut its leading interest rates.

Any cut in rates is virtually ruled out prior to the West German elections on January 25. Economists and foreign exchange dealers see a strong likelihood of further, possibly concerted, intervention by European central banks in the short term to support the dollar.

Sterling traded quietly, losing ground against the D-Mark but rising strongly against the dollar. The Bank of England's trade weighted index ended at 68.9, little changed from its pre-weekend close of 68.8.

The pound ended at a record closing low of DM 2.8200 compared with Friday's closing DM 2.8325 but finished higher at $1.4915 compared with the previous close at $1.4775.

Background, Page 2; Editorial comment, Page 20; Lex, Page 22; Currencies, Page 35

Superpowers upgrade arms talks delegates

BY STEWART FLEMING IN WASHINGTON AND ROBERT MAUTHNER IN LONDON

THE SOVIET UNION and the US have both upgraded their chief representatives to the nuclear arms control talks in Geneva, in moves which are seen as evidence of a mutual desire to give a fresh impetus to the negotiations.

The reported replacement of Mr Viktor Karpov, the chief Soviet negotiator in Geneva, by Mr Yuli Vorontsov, a first Deputy Foreign Minister, was quickly followed yesterday by the announcement in Washington that Mr Max Kampelman, the chief US arms control representative in Geneva, had been given a new title.

Mr Kampelman was appointed to the senior post of counsellor to the State Department as he was about to leave for Geneva, where the next round of the nuclear and space talks is due to open on Thursday.

Officials insisted that the change in Mr Kampelman's title – he remains head of the US arms control delegation in Geneva – had been under discussion before Moscow notified Washington last week that it was appointing a more senior official to head its own delegation. Moscow had apparently urged Washington also to appoint a higher-ranking delegation leader.

Instead of replacing Mr Kampelman, the US Administration has promoted him, though it is arguable whether his new title matches that of his Soviet opposite number.

Top arms control officials in Washington have welcomed the appointment of a more senior Soviet official to head the delegation, saying they hoped it would give the negotiators in Geneva more flexibility. "We hope he would have more running room... (but) we still expect the fundamental decisions to be made in Moscow," one official said.

The list of new appointments was extended further yesterday when the Soviet Union announced in Geneva that it had also replaced Mr Viktor Issraelyan, its veteran chief negotiator to the 40-nation Disarmament Conference, by Mr Yuri Nazarkin. Mr Nazarkin currently heads a Soviet department for the peaceful use of atomic energy and outer space.

These moves are being interpreted by diplomats as signifying that the Soviet Union, in particular, is anxious to reach wide-ranging disarmament agreements while President Ronald Reagan is still at the White House. In spite of the breakdown of last October's US-Soviet summit meeting in Reykjavik, Mr Mikhail Gorbachev, the Soviet leader, is sending out increasingly strong signals that he believes that sufficient progress was made on that occasion to allow a nuclear arms agreement to be reached within the foreseeable future.

Appliance companies working on 'intelligent' home plan

By Christopher Parkes, Consumer Industries Editor

SEVEN of Europe's leading audio, video and domestic appliance manufacturers are working together on a scheme which could make "the intelligent home" a reality before the end of the decade.

If they succeed, a householder would be able to control and monitor kitchen appliances, burglar alarms, central heating and lighting in any part of the home from an armchair in front of the TV set.

Thorn EMI, GEC and Mullard of Britain, Philips of the Netherlands, Electrolux in Sweden, Siemens in West Germany and Thomson of France, are to spend £12m ($17.6m) to ensure that the necessary communications systems they adopt are fully compatible.

This will enable a consumer, for example, to see how a Zanussi dishwasher is progressing from the screen of a Ferguson television, adjust German thermostats in British heating systems and adjust the volume on the children's Dutch-made hi-fi from a single keyboard, or even a telephone outside the home.

Without a common approach, the Japanese are likely to steal the initiative and introduce system not tailored to European needs, according to MP Kenneth Gray, technical director at Thorn EMI. Japanese development is at about the same stage as that of several European companies. "Even worse, we could have a whole plethora of incompatible European systems," he said yesterday.

"The significance of this is that we have got companies accounting for 60 to 80 per cent of European brown and white goods to agree to try to find common standard."

The project would take about two years to complete, Mr Gray said, and early systems could be on the market six months later.

Most of the manufacturers involved have developed so-called integrated home systems in isolation. Thorn, for example, has been running a project for some time, and is now prepared to exchange information with other participants in the search for a common standard.

Mr Gray said his company persuaded the others to take part in the joint effort about a year ago. An initial feasibility study will be completed next month.

Hitachi to make microwave oven in Wales, Page 9

Central banks and EEC asked to strengthen EMS mechanisms

BY OUR FOREIGN STAFF

EUROPEAN CENTRAL bank governors and the EEC monetary committee have been asked to examine ways of strengthening the operating mechanisms of the European Monetary System, in the wake of the weekend currency realignment.

This emerged as speculation grew that the realignment of currencies in the EMS would prompt an early reduction in European interest rates. French bond and financial futures prices rose in reaction.

Greater use of inter-marginal intervention by central banks – before EMS currencies reach their permitted ceilings and floors – is likely to be a key element on the EMS study.

Mr Mark Eyskens, the Belgian Finance Minister who chaired the weekend realignment meeting, and Mr Jacques Delors, the president of the European Commission, spelt out such action as one of three areas for further debate.

The others would be greater co-ordination of interest rate policies, and the possibility – at least in the longer term – of direct intervention by the European Monetary Co-operation Fund.

The fund currently holds a proportion of the reserves of member states of the EMS, but plays no active role in intervention.

Mr Eyskens said the Finance Ministers had considered at length the need to strengthen the system, "otherwise we will witness the events of the past few weeks happening again and again. We have to show that the community can take measures that will in the long run contribute to better economic solidarity."

Mr Delors said the recent strains on the EMS represented the first time the system had faced such an external challenge – the tension caused by the fall in value of the dollar – and he had been unsure that the existing system of "dialogue and concertation" would be *adequate to cope with it.*

It was not clear, however, that there was any clear commitment to greater co-ordination than hitherto, or that the forthcoming study on strengthening the system would commit any of the member states to early action.

As details of the latest realignment emerged, Mr Edouard Balladur, the French Finance Minister, said he hoped French interest rates would come down soon and added that an understanding had been reached during the realignment negotiations that West Germany would lower its money market rates.

But Mr Gerhard Stoltenberg, the West Germany Finance Minister, was more cautious, saying he hoped a "limited fall" in West Germany money market rates would follow the EMS realignment.

The Bundesbank is likely to rely on monetary "fine tuning" after the realignment to prevent the rise in market interest rates which would otherwise result from the expected abrupt reversal of last week's heavy inflows into West Germany.

CONTENTS

EUROPEAN NEWS

French rail strike crumbles as militants vote to return to work

BY DAVID HOUSEGO IN PARIS

THE FRENCH railways strike seemed close to an end last night as drivers at some of the more militant depots voted to return to work. The winding down of the railwayman's action, which began the current wave of disruption in France, is likely to take momentum from other strike movmeents in the public sector. Electricians were back at work yesterday after concessions on wages made by EdF, the national electricity authority over the weekend.

Paris Metro services remained disrupted as a result of the continuing dispute over wages. But fresh negotiations are planned for today.

The increasing return to work came as right-wing political parties backed demonstrations in Paris to protest at the disruption caused by the strike. But the cold and the apparent ending of the disputes meant that demonstrations were smaller than expected.

Some 2,000-3,000 people gathered at the Palais Royal at the instigation of Mr Jacques Chirac's neo-Gaullist RPR party shouting slogans that included an attack on President Francois Mitterrand, and singing the *Marseillaise*. Nearby, at the Place de l'Opera, the extreme right-wing National Front gathered a smaller crowd of about 1,000.

Mr Laurent Fabius, the former Prime Minister and a Socialist, said it was irresponsible for the protest organisers to "increase the agitation and transplant it to the political terrain." Mr Chirac, speaking to reporters, said consumers had as much right to express their views as the strikers.

Government officials have begun to assess the cost of the strikes in terms of lost output and additional cost to the state. Concessions over wage claims since the strike began are believed to have cost FFr 2bn-FFr 3bn. While the macro-economic effects are not likely to be great, indirect effects in terms of inflationary pressures and increased labour unrest are likely to be much larger.

Apart from the dispute in the Paris urban transit system, the only union still actively encouraging the strikes is the Comunist-led OGT union. The OGT has also called for a strike of public administration employees.

Among railway depots voting a return to work yesterday was the Gare du Nord which was one of the leaders in the rail strike.

The railway company, SNCF, said service on its mainline trains was 70 per cent of normal on Sunday and predicted further improvement saying nearly 75 per cent of drivers had returned to work.

An SNCF spokesman forecast that the train service would be back to normal by today. Some pockets of militancy remained, mainly in the south,

Sweden expects growth rate of 2.2%

By Kevin Done, Nordic Correspondent in Stockholm

THE SWEDISH economy is expected to grow by as much as 2.2 per cent this year fuelled by continuing strong private consumption, stockbuilding, and higher industrial investment, according to the 1987-88 budget presented yesterday.

Swedish financial markets have been unsettled by the absence of measures to dampen rising private spending and long-term interest rates rose again yesterday, while share prices fell heavily. Private consumption is expected to rise by 3 per cent following a jump of 3.6 per cent in 1986.

The surplus on the current account of the balance of payments is expected to shrink to SKr 3.6bn (£361m) from an estimated surplus of SKr 8.5bn in 1986, but the fall could be much more severe if the recent rise in oil prices is sustained. (The forecast is based on a price of $15 per barrel compared with a current spot price of $18 per barrel.

The Swedish Government is continuing to place the highest priority on holding down unemployment, and the jobless rate is expected to improve to only 2.6 per cent this year from 2.7 per cent in 1986.

Inflation is expected to begin rising again after the sharp fall last year with an increase during 1987 of 4 per cent (December to December) compared with 3.2 per cent in 1986.

In a restrictive budget for 1987-88 the Government has kept a tight control of expenditure, which is forecast to rise by some 2.8 per cent compared with a 3.1 per cent rise in income.

The budget deficit will be cut to SKr 36.9bn from an estimated SKr 40.5bn deficit in 1986-87. The deficit has been more than halved since 1982-83 when it peaked at SKr 86.8bn. As a share of gross national product it has been cut from 13.0 per cent in 1982-83 to a forecast 3.6 per cent in 1987-88.

Helped by the one-off tax imposed on the assets of life insurance companies the total finances of the public sector in Sweden are forecast to show a small surplus in 1987 compared with a deficit equivalent to more than 6 per cent of GNP in 1982.

In what Mr Kjell-Olof Feldt, the Swedish Finance Minister, described as an "austere reform budget," the minority Social Democratic Government is planning to allocate increased spending to priority areas of social welfare, regional development and research and development.

The reforms will be financed partly through cuts elsewhere in education, social spending, agricultural support and subsidies to housing and the local authorities. Most controversially the Government is seeking to cut milk subsidies, and introduce a hospital charge for childbirth as well as higher prescription charges for medicines.

At the same time it is planning to increase old-age pensions and introduce improved sickness benefits which will give blue collar workers the same conditions as white collar workers with full benefits payabe from the first day of illness.

The higher pensions have been finance through the controversial one-off tax on the insurance sector, while the improved sickness benefits will be financed chiefly through increased payroll taxes.

The Swedish economy is still burdened by price and wage cost increases that are substantially higher than levels in its main trading partners, which has led to a loss of market shares both at home and abroad.

Leaders for both the trades unions and the employers are to be called in for a series of talks aimed at reforming the country's collective wage bargaining system, following the turbulent series of industrial conflicts in the public sector

FT writers describe how the realignment of EMS currencies was achieved and assess its likely impact

Supporting cast complicate scene

BY QUENTIN PEEL IN BRUSSELS

CONSIDERING the modest size of the currency changes in the European Monetary System decided in Brussels this week-end, the negotiations of EEC finance ministers, central bank governors and Treasury officials proved remarkably long and agonising.

First the Monetary Committee of the European Communities, a notoriously secretive body of senior central bankers and top treasury men, met for nine hours until almost midnight on Saturday without a clear conclusion.

Then the ministers and governors came together on Sunday and kept hammering away until after one o'clock in the morning—when the Japanese foreign exchanges were already open for dealing—before they reached agreement.

In the end it was not the heart of the realignment — a 3 per cent revaluation of the D-Mark against no change for the French franc — which was at issue. It was all the ramifications for the other member states — and their implications for French domestic opinion—which held things up.

Bonn and Paris sent their men to Brussels on Saturday with a deal already done on 3 per cent, for the D-Mark and the Dutch guilder

What put the cat among the pigeons on Saturday was when Belgium, Luxembourg and Denmark insisted on joining in and following the D-Mark and the guilder upwards — if not by 3 per cent, then by 1.5. That would have left the French franc and Italy's lira, not to mention the Irish punt, looking very much like the sick men of Europe.

Mr Edouard Balladur, the French Finance Minister, could not accept such isolation.

One solution to salvage French pride might have been to persuade a smaller currency to devalue — like the embattled Irish punt, suffering from the freer floating effects of the British pound. But Ireland was determined to keep its parity after last August's devaluation, and with an election imminent in Dublin.

Late on Sunday night, it was almost as if the French franc was the leper. Nobody wanted to stay with it, or certainly not alone. Italy was almost as furious at all the smaller currencies trying to prove their strength.

The point was that Mr Mark Eyskens, the Belgian Finance Minister in the chair, wanted to underline his currency's independence from the French franc, and the improvement in the Belgian economic performance. Mr Jacques Poos of Luxembourg was worried at losing touch with the D-mark when his country wants to prove its value as an international capital market.

In the end it was a gamble from Mr Eyskens which paid off. He did not really want a revaluation for Belgium of more than 1.5 per cent. But if he went to 2 per cent he reckoned he could call the Danish (and Irish) bluff. Around midnight, just when things looked as if they were getting really entrenched, and tempers might start to fray, that is exactly what he did. And it worked.

EMS: BILATERAL CENTRAL RATES AND INTERVENTION POINTS

		Netherlands	Belgium	W. Germany	Denmark	Ireland	France	Italy
Fl 100	+ 2.25%		1872.15	90.770	346.24	33.8868	304.44	67912.0
	central rate	100	1830.54	88.7526	338.537	33.1293	297.661	63963.1
	− 2.25%		1789.85	86.780	331.02	32.3939	291.04	60241.0
BFr 100	+ 2.25%	5.5870		4.959	18.9143	1.8510	16.6310	3710.2
	central rate	5.46286	100	4.84837	18.4938	1.80981	16.2608	3494.21
	− 2.25%	5.3415		4.740	18.0831	1.7695	15.8990	3290.0
DM 100	+ 2.25%	115.235	2109.50		390.16	38.1825	343.05	76540.0
	central rate	112.673	2062.55	100	381.443	37.3281	335.386	72069.0
	− 2.25%	110.1675	2016.55		373.00	36.4964	327.92	67865.0
DKr 100	+ 2.25%	30.21	553.0	26.810		10.0087	89.925	20062.0
	central rate	29.5389	540.723	26.2162	100	9.78604	87.9257	18894.0
	− 2.25%	28.8825	528.70	25.630		9.56830	85.97	17794.0
I£1	+ 2.25%	3.0870	56.5115	2.740	10.4511		9.1890	2050.03
	central rate	3.01848	55.2545	2.67894	10.2186	1	8.98480	1930.71
	− 2.25%	2.9510	54.0250	2.619	9.9913		8.7850	1818.34
FFr 100	+ 2.25%	34.36	628.97	30.495	116.32	11.3830		22817.0
	central rate	33.5953	614.977	29.8164	113.732	11.1299	100	21488.6
	− 2.25%	32.8475	601.295	29.150	111.20	10.8825		20238.0
L 1000	+ 6 %	1.660	30.387	1.4735	5.620	0.549952	4.9410	
	central rate	1.56340	28.6187	1.38754	5.29268	0.517943	4.65362	1000
	− 6 %	1.4725	26.953	1.3065	4.985	0.487799	4.3830	
Ecu 1	central rate	2.31943	42.4582	2.05853	7.85212	0.768411	6.90403	1483.58

Bonn yields to the speculators' pressure

BY DAVID MARSH IN BONN

THE West German Finance Minister, Mr Gerhard Stoltenberg, was at pains yesterday to put the best possible face on the revaluation of the D-mark worked out in the Brussels realignment.

However, beneath the bland assurances it is clear that, by quickly giving up its resistance last week to any revaluation within the European Monetary System, the Bonn Government has bowed with little demur to a sudden build-up of speculative pressure on the foreign exchange markets.

Mr Stoltenberg repeated yesterday his view of last week that, on the basis of "economic fundamentals," there was no reason for any EMS realignment. With some "nuances," he said, this was also the view of the other ministers at Sunday's meeting. But, as a senior adviser to Mr Helmut Kohl, the West German Chancellor, put it on Sunday night: "What the (currency) markets want, must be."

EEC finance ministers yesterday were bathing in self-congratulation at their ability to find, after two days of meetings in Brussels, "flexible solutions" to last week's EMS unrest. But the realisation that, provided the weight of speculative currency flows is sufficient, the markets can force a change of EMS parities with astonishing speed does not serve as a very convincing test of the strength of Europe's eight-year-old exchange rate scheme.

It also indicates that the markets might before too long try to test the durability of Mr Stoltenberg's assertion yesterday that EMS parities would be able to remain unchanged "for a long time."

The 3 per cent D-Mark upwards move was its sixth formal revaluation in the EMS and the currency's ninth since the fixed exchange rate Bretton Woods system finally broke down in March 1973.

Mr Stoltenberg's own credibility may have suffered a knock by the rapidity with which Bonn submitted to the will of the markets. But, overall, West Germany has acted in accordance with the consistent "stability-first" policy promulgated by the Bundesbank, the central bank, which seems if anything to have increased its influence over the Bonn Government in recent years.

The Bundesbank's doctrine, it can be argued, has served West Germany well in terms of fostering both price stability and economic growth.

In essence, the doctrine lays down that, whenever West Germany faces external pressure for a revaluation—as it has frequently done over the past three decades—it should respond by accepting an upward move of the D-mark rather than by cutting interest rates or otherwise slackening its anti-inflation policy.

Faced with the threat of an excess of monetary liquidity caused by last week's massive inflows of cash into West Germany, the central bank knew it had only one choice. This was to press for a speedy revaluation, which would not only reverse last week's huge inflows caused by automatic intervention to support the French franc, but would also, by dampening import prices, ward off any imported inflation.

The outcome was effectively clinched on Wednesday when the Bundesbank and other EMS central banks were forced to sell more than DM 5bn—raising fears of monetary inflows last seen in the final days of Bretton Woods.

Mr Stoltenberg appears to have been convinced at a secret meeting with Bundesbank's directors in Frankfurt on Friday that a revaluation was the only way. In a telephone conversation afterwards with Mr Edouard Balladur, the French Finance Minister, the two quickly agreed on the main outlines of the package — leaving only the long-winded but basically secondary questions of the other EMS currencies' parities to be hammered out in Brussels.

Another blow for Chirac

By David Housego and George Graham in Paris

THE GOVERNMENT of Mr Jacques Chirac appeared to have suffered further domestic damage from the realignment in the EMS which was widely taken to reflect continuing French economic weakness compared with West Germany.

Foreign exchange dealers and economic commentators were also sceptical about whether the new parities would survive the coming months. Monetary officials said the Bank of France would wait a few days to see whether the franc was sufficiently steady in the EMS to permit some lowering of short-term interest rates. These were increased to 6-7 per cent in real terms as a result of recent pressure on the franc.

Mr Edouard Balladur, the Finance Minister, stoutly maintained yesterday that the new parities would hold. He told a Press conference that the Government was prepared to tighten fiscal policy further to prevent inflation exceeding the official 2 per cent objective this year.

Against the background of the current strikes the Government is seen, however, as likely to have a difficult task in reconciling peace on the labour front with the pursuit of its disinflationary policies. Mr Balladur addressed this dilemma yesterday by calling for "wisdom" over wage settlements while opening the door to negotiations on other issues.

In macro-economic terms, the revaluation of the D-mark, the Dutch guilder and the Belgian franc will add to France's import bill, as 35 per cent of French imports come from West Germany, the Netherlands and Belgium. It will also increase inflationary pressures marginally. These adverse effects will come on top of the cost of the strikes.

The fight to prevent prices taking off again, however, remains a high priority and lies behind Mr Chirac's battle to hold down public sector pay.

On other economic measures, according to Finance Ministry officials, there is no objective justification for calling the franc weak at the moment. Money supply is under better control than that of most other industrial countries, including West Germany. The balance of payments, too, has returned to substantial surplus after six years of deficit. In the first 10 months of the year, the surplus topped FFr 20bn.

It is in trade with West Germany that the worrying signs occur. The balance has deteriorated again this year as increased consumer demand in France led to a surge of imports. The bilateral deficit reached FFr 36.75bn in the first 11 months of 1986, compared with FFr 28.57bn in the whole of 1985.

Although wages and unit production costs are now rising more slowly in France than in West Germany, the gap between French consumer price inflation and Germany's deflation has been widening in recent months

Exporters put brave face on loss of competitiveness

BY ANDREW FISHER IN FRANKFURT

WEST GERMAN exporting companies, already hit by the sharp fall in the dollar, will have to bear an added burden as a result of the latest revaluation of the D-Mark against other European currencies.

Though companies and industry associations sought to put a brave face on the situation, West Germany's export strength is undoubtedly being diminished as a result of the soaring D-mark.

France, whose currency was unchanged in the EMS, is West Germany's biggest trade partner. Altogether, nearly 40 per cent of West Germany's foreign trade is with other EMS countries. France accounts for around 11 per cent and the Netherlands for about 10 per cent.

Among the industrial sectors which will suffer most from 3 per cent revaluation in the EMS are cars and machinery. Both export heavily to France and also face strong competition from their neighbour.

On its own, noted Mr Wolfgang Baumann, head of the economics and currency department of the West German Industry Association (BDI), the revaluation would not be such a hard blow to West German industry. But it came after a period when the dollar had fallen steeply and after several other EMS realignments in the last few years.

The mechanical engineering industry, one of West Germany's biggest exporting sectors has already felt the draught from the weaker dollar and poorer demand from Opec and developing nations.

Last year, total new foreign orders for West German machinery fell by 13 per cent in real terms, the VDMA said. The latest D-mark revaluation in the EMS would affect about 20 per cent, or nearly DM 20bn (£7bn), of West German exports in this sector.

Gibraltar to overshadow UK-Spain talks

BY DAVID WHITE IN MADRID AND ROBERT MAUTHNER IN LONDON

SPANISH impatience over the lack of progress on the issue of sovereignty over Gibraltar is expected to overshadow two days of talks between Sir Geoffrey Howe, the Foreign Secretary and Mr Francisco Fernandez Ordonez, his Spanish opposite number starting in London today.

The talks, part of the regular annual discussions between Spain and Britain initiated in November 1984 by a bilateral agreement in Brussels which led to the reopening by Spain of its border with Gibraltar, are unlikely to lead to a breakthrough on the contentious problem of the Rock's future status.

Britain agreed in the Brussels communique to discuss sovereignty over the colony with Spain, but in practice the people of Gibraltar will always have a veto over any solution to their future which may be proposed.

"Her Majesty's Government will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their freely and democratically expressed wishes," the preamble to the 1969 Gibraltar Constitution states. The commitment was specifically referred to in the Brussels communique.

That has not prevented Spain from trying to get things moving on sovereignty, with little result. The UK has not responded to proposals put forward by Spain in 1985 for either a leaseback system on the Hong Kong model or a condominium between Spain and the UK over the Rock, according to Spanish officials.

Mr Felipe Gonzalez, the Spanish Prime Minister, has said he wants agreements on the "mechanism" for a solution by 1990. Britain, however, sees the problem quite differently. After the 16-year Spanish blockade of the colony, lifted only 2 years ago, London believes that co-operation between Gibraltar and Spain must first of all be developed at a local level.

The only way in which a transfer of sovereignty could eventually be achieved is for Spain progressively to woo the Gibraltarians away from their allegiance to Britain, British officials argue.

Negotiations between the two countries are currently bogged down over Spanish proposals for the joint civilian use of Gibraltar's small military airstrip.

Spain would like to fly its own nationals either to or via Gibraltar without going through British or Gibraltarian frontier controls, a move that Britain sees as a concession on sovereignty.

Through Madrid has expressed its disappointment and frustration at the lack of progress, British officials claim that Gibraltar's hinterland, the Campo region, has already greatly benefited from local co-operation.

Spanish exports to Gibraltar last year totalled some £15m, Gibraltarians are estimated to be spending between £15m to £20m a year in Spain, and Spanish workers are receiving some £7m a year in Gibraltar pensions. At least 1,000 Spaniards are now commuting to jobs on the Rock, while about 500 Gibraltar families have settled on the Spanish side of the border since it was reopened.

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Young make a violent comment on dull West German politics

BY ANDREW FISHER IN FRANKFURT

BROKEN plate-glass windows, burnt-out shops, damaged electricity pylons, and running battles with the police do not fit in with the orderly lives led by most West Germans. But violence, organised or random, has become an increasingly used outlet for youthful protest, as West Germany approaches its next general election on January 25 against a political background which a number of people of all generations find crushingly dull under the cosy but uninspiring Chancellorship of Helmut Kohl.

Not that there are any fringe political parties or movements with the remotest chance of gaining enough votes to gain representation in Parliament. The ruling centre-right coalition is expected to be voted in again, with the Social Democrats and the Greens remaining in opposition.

But with around 2m people out of work, strong opposition to nuclear power before and (especially) after the Chernobyl disaster, and growing resentment at the quantities of pollutants tipped into the cherished Rhine, there is plenty of fuel for non-parliamentary activities which often spill over into riots and arrests.

Dany Cohn-Bendit, one of the best-known of the student revolutionary leaders in the Paris riots of 1968 and now a committed member of West Germany's Greens, describes the so-called Chaoten (chaos-minded, and violent demonstrators of the late 1980s as "marginalised youths."

They are really people who are either jobless or with jobs that offer little money or prospects, he argues. "They have added an ideology to their own personal position," says Mr Cohn-Bendit, now aged 41 and living in Frankfurt.

"It shouldn't all be taken too seriously. It's an expression of social crisis, but Germany is not about to slide into chaos. It's one of the most stable countries." Politics, driven by the increasingly complex pressure of events, "has nothing exciting to offer."

Nor does he see the latest student demonstrations in France as threatening any fundamental changes there. "It's

a superficial phenomenon." The conservative Government in Paris has been too stubborn in putting through its programme of economic change, he reckons.

Mr Cohn-Bendit now puts out a magazine called Pflaster-Strand (Pavement Beach), which is a mixture of left-wing articles and comment and information about entertainment and events in and around Frankfurt and Kassel. In it, he has already written off the coming election.

"Nothing," he wrote in a recent issue, "spreads more boredom than an election campaign whose outcome is clear long before the actual vote."

For those at the centre of recent outbreaks of violence in some of West Germany's biggest towns and cities, the election is clearly a huge irrelevance. Broken windows, masked demonstrators and harried and taunted police have become a common sight on TV news bulletins.

In Frankfurt a few weeks ago, several hundred students marched through the centre in protest at the death of a student in the recent Paris turmoil over education reforms. A few shops and banks had their windows smashed, and police reported that small groups of masked rioters had mingled in the march and caused the damage.

In Goettingen, a traditional university town not far from the East German border, the so-called Chaoten and anarchists have dug themselves deeply into the local student scene. More than any other West German university town, though non-one is quite sure why, Goettingen has become a hotbed of violence, with an outraged populace and a demoralised police force.

There are around 30,000 students there, but the actual number of hard-core anarchists in the area is put at between one and two hundred people. Ideologically, they overlap at one end with the ecologically-minded Greens. But in the other direction, they are thought to have a much more dangerous and sinister link, with the terrorist groups which have plagued West German society intermittently since the 1970s.

In Hamburg, violent protests broke out just before Chirstmas over plans by the authorities to clear several old houses in the dock area inhabited by squatters.. Around 10,000 people strode through the city centre while shoppers were making their purchases on the last Saturday before Christmas.

Among the marchers were about 100 masked demonstrators, who clashed violently with police and shouted revolutionary slogans. On the day after, arson attacks caused severe damage in several of the city's shops and stores.

Squatters have hit the headlines before in West Germany, outside Hamburg. In Frankfurt, houses were occupied in the now renovated and fashionable West End in a successful attempt to stop modern office blocks being put up by property companies and speculators. Berlin has also had its squatters in houses that landlords were allowing to deteriorate so they could rebuild at a handsome profit.

However, violence in Hamburg seemed to go beyond the social motivations that prompted some earlier squats. Among the inhabitants of the eight run-down houses in the St Pauli district, which the local Hamburg government now wants to clear, are not only students, say police, but petty criminals, drop-outs and others on the edge of society.

Militancy is not confined to West Germany's inner cities, however. Protests, often violent, have long occurred at nuclear sites. The debate over nuclear energy is one which has raised passions among young and old alike.

This year, the anti-nuclear thrust has taken a strange twist, one that has confused and irritated both industry and government. Electricity pylons have been sawn down in remote country areas, leading to a change in the law to classify those who cause such damage as terrorists.

There were around 100 attacks on plyons and power installations last year, far more than in 1985. Catching those responsible is hard, in view of the vast number of pylons, and protecting them is no easy matter either.

It seems unlikely that this month's election will resolve any of these issues, or that those involved for various reasons in violence or damage will change their tactics. In fact, the more stable, comfortable and well-off West Germany becomes, the more young people may want to prod painfully at what they see as an increasing political and economic complacency.

Prague will give more freedom to companies

By Leslie Colitt in Berlin

THE CZECHOSLOVAK leadership has outlined a programme to give individual companies greater independence to determine the goods they produce and how to sell them.

In an apparent contradiction, however, central planning and management are also to be "strengthened." They are to deal mainly with implementing economic targets, though, instead of issuing directives to companies.

The measures, which are to take effect in stages throughout the year, are part of a programme to "restructure the economic mechanism." They will only be applied fully when drawing up the next five-year plan from 1991 to 1995. The measures pubished last Friday in Prague carefully avoided the word "reform" which is anathema to the leadership.

In 1981, Czechoslovakia announced a "set of measures" to improve flagging economic performance but these were quietly buried last year.

Directors of companies are to be given a greater role in "formulating and implementing" economic plans. They are to have more say in determining the type of goods produced an dmethods to market them. In addition, employees' wages are to be differentiated "according to final work results."

Companies which remain unprofitable over a long period can have their production "discontinued" and their workers "transferred" and "requalified." As a last resort, inefficient companies may lose their independence and be merged with others. The measures stipulate, however, that this must not be detrimental to workers.

The present differing exchange rates of the non-convertible Czechoslovak koruna are eventually to be unified and a form of convertibility regulated by the state is to be achieved.

The currency changes in Czechoslovakia are to be linked with plans to make the transferable rouble a convertible currency within Comecon. At present it is only a clearing account device which cannot even be used to transfer surpluses in trade with one Comecon member to another one.

Fighter companies to set up Greek unit

BY ANDRIANA IERODIACONOU IN ATHENS

GENERAL DYNAMICS, General Electric and Westinghouse, the US suppliers of 40 F-16 fighter aircraft and their components to Greece, are to set up a business development company in Athens responsible for implementing investment, trade and technology transfer programmes to offset the $940m cost of the jets.

The final agreement for the purchase of the aircraft, covering offset benefits, was signed in Athens yesterday by the chief of the Greek Air Force General Staff, and a representative of General Dynamics. Delivery of the first F-16s is expected next year and Greece will pay for the aircraft using low interest US military credits.

Greece announced in 1984 that it would buy 40 F-16s and 40 Mirage 2000 fighters, the largest single weapons purchase in the country's military history, for the modernisation of its air force. A series of political hitches delayed Pentagon approval for the F-16 sale until January last year. In an unusual move Greece subsequently decided to buy the jets through a direct commercial agreement with General Dynamics, rather than a government-to-government agreement with the US.

The Economy Ministry noted yesterday that "the results of the agreement will depend on our ability to take advantage of the opportunities it creates." Under the agreement the three US companies are to provide $50m in capital over 10 years to finance the proposed business development company, starting this year with $9.2m.

The Greek state, which will not contribute to the financing, will acquire 5 per cent of the shares, and have the right to appoint two of the eight directors. Greek approval will be required for the implementation of any programme proposed by the company, which is expected to operate for 15 years with the possibility of an extension.

Public opposition to nuclear power increases in Italy

BY JOHN WYLES IN ROME

ITALIAN PUBLIC opinion against the development of nuclear power has hardened considerably since the Chernobyl disaster, increasing the pressure on the politicians to halt the existing programme.

This has emerged from an exhaustive poll for the Corriere Della Sera newspaper on the eve of a national energy conference which is supposed to provide policy recommendations for government and Parliament.

Nuclear power is set to be a dominant issue in the coming months because of the Government's desire to avoid a national referendum. This may have to be held by midsummer if the political parties cannot overcome their divisions and agree a policy.

In the meantime, the national conference which was due to start in Venice tomorrow looks increasingly likely to be postponed for a fortnight because the preparatory work has fallen behind schedule.

The poll reveals that 72.5 per cent would vote to abandon nuclear power if a referendum were held tomorrow. Since Italian referenda can only be used to amend existing laws, this would not be the choice offered later in the year if the referendum which has garnered enough signatures actually goes ahead. It would, however, make nuclear power station construction much more difficult to accomplish against local opposition.

At present, only 3 per cent of Italy's electric power is produced by nuclear means and the poll reveals that opinion is fairly evenly divided between those who would keep the three existing stations operating (39.8 per cent) and those (41.7 per cent) who want them closed.

Seventy per cent did not believe that nuclear energy could ever be made acceptably safe. But there is no majority, either, for relying on existing coal and oil powered stations. Italians apparently prefer a future based on renewable energy sources and 67 per cent are prepared to suffer some fall in the quality of life

Commission seeks EEC-wide use of credit cards

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission is launching a campaign to ensure that personal credit cards issued in any EEC member state can be used freely throughout the Community, as part of the move towards a frontier-free common market.

The aim will be to have compatible standards for cards using both magnetic strips and micro-chips, so that eventually a single terminal on any cash desk should be capable of accepting all credit cards.

Huge discrepancies currently exist between the sort of credit cards used in different member states. West Germans carry some 19m Eurocheque cards, the French 5m, and the Dutch and Belgians more than 2.5m each, while the British have a mere 850,000.

In comparison, there are more than 19m Visa and Access cards issued in Britain, compared with less than 500,000 in West Germany.

Cash dispensers are the rage in Britain and France, with 6,886 and 7,172 installed respectively at the end of 1985. There were just 2,000 in West Germany, 1,800 in Italy, and only 24 in the Netherlands, according to the Commission figures. In 10 years' time, officials estimate there will be a Community market of 80m cards, and 400,000 terminals, worth about Ecu800m (£584m).

"The use of these cards for cross-frontier payments within the Community must not be restricted by national regulations or administrative provisions," the Commission declares.

Talks have already been held with major banks and card-issuing organisations to get agreement on what needs to be done, to make systems technically compatible and mutually accessible.

Next, the Commission intends to put forward a common code of conduct to govern relations between the issuing banks, and the suppliers of goods and services accepting electronic payment.

The code would:

- make charging structures transparent and freely negotiated;
- ensure payments are irrevocable;
- protect information in databases;
- ensure compliance with competition rules;
- aim at a single terminal per cashdesk to accept all cards.

OVERSEAS NEWS

Intense fighting continues in Iraq-Iran war

BY OUR FOREIGN STAFF

INTENSE fighting around Shalamcheh, a border post on the Shatt al Arab waterway to the south-west of the city of Basir, between Iranian and Iraqi forces continued yesterday for the fourth day in succession, according to the war communiques issued by both Tehran and Baghdad.

A visit to the front by President Saddam Hussein of Iraq shown by Iraqi television, seemed to underline the gravity of the threat.

Iranian forces maintained their foothold on the Iraqi side of the waterway. But Western intelligence officials said the Iraqis appeared to have contained the attack by three divisions, or 36,000 men, inflicting heavy casualties.

Baghdad Radio said the survivors of the invading force had been hemmed in on the shores of Fisk Lake, the area flooded by the Iraqis a few years ago to stem any advance at this sensitive point on the southern front.

General Adnan Khairallah, Iraqi Deputy Premier and Minister of Defence, said in Baghdad yesterday the invading force was "now engulfed in the killing zone of the 3rd and 7th Army Corps."

Encircled Iranian forces were confronted by "furious" fire power in what Gen Khairallah described as a "crematory." He urged survivors to surrender.

In Baghdad the military said the Iraqi Air Force had bombed Qom, the spiritual capital of the Islamic Republic where Ayatollah Khomeini resides, for the third day in succession as well as Isfahan and Dezful.

Analysts believe the Iranian attack could signal a major offensive aimed at isolating Basra and fulfilling the promise of the Iranian leadership that this would be the "year of decision." The Persian year ends on March 20 in just over nine weeks' time.

Iran claimed to have overwhelmed an Iraqi brigade in "direct hand-to-hand fighting." Heavy casualties were inflicted on the 98th infantry brigade following overnight advances to the north and west of Shalamcheh, according to Tehran Radio.

It said Iraq's elite Presidential Guard had entered the battle after the Third Army Corps had suffered a "heavy defeat." Tehran put the cumulative toll of Iraqi casulaties, dead and wounded, at 15,000 since the current flare-up began.

A missile fired by an Iranian war ship yesterday hit the 83,935 deadweight ton Liberian-registered tanker Atlantic Liberty carrying Kuwait fuel oil to Italy. It was hit in Gulf waters about 10 miles from the Strait of Hormuz.

A wing tank was damaged but the vessel was able to proceed under its own power. Damage was described as minor and there were no casualties.

Chun warns opposition over constitution battle

BY MAGGIE FORD IN SEOUL

PRESIDENT Chun Doo Hwan of South Korea yesterday warned opposition politicians that he would have no choice but to make a "grave decision" to ensure political progress if they were unable to reach a consensus with the ruling party on amending the country's constitution in advance of elections.

Delivering a wide-ranging new year message, which included new plans to boost the economy, he reaffirmed his pledge to step down from the presidency in early 1988, but expressed his "chagrin" at the failure of political negotiations over the past six months.

The talks have reached a stalemate over the issue of what type of elections should be held later this year. The ruling Democratic Justice Party favours constituency voting on the British parliamentary model with a Prime Minister chosen from the winning party, while the opposition is campaigning for the direct election of a President by popular ballot.

In contrast to the lack of political progress, President Chun pointed to South Korea's economic achievements.

Afghan guerrillas silent on truce offer

By Mohammed Aftab in Islamabad

LEADERS of seven major Afghan guerrilla groups made some progress yesterday in talks concerning strategy over the proposed ceasefire set to start in Afghanistan on Thursday, but they continue to insist publicly that Moscow should negotiate with them directly.

Gen Najibullah, the Moscow-backed Communist leader of Afghanistan, has announced a unilateral ceasefire for six months from Thursday provided the guerrilla groups join the effort to end the war, now in its eighth year.

Mr Mohammad Nabi Mohammedi, of the seven party Islamic Alliance of Afghan Mujahideen, said several issues had been resolved and remaining issues would be discussed before Thursday. He refused to disclose any decision taken so far.

Mr Gulbaddin Hekmatyar, a leader of one of the major groups, Hizb-e-Islami, said "It is preposterous to suggest the Afghan Mujahideen should agree to a ceasefire while the Soviet troops are occupying our country or to expect us to join in a coalition government with the Communists in Kabul."

Fear of Aids hits Kenyan tourist industry

By Andrew Buckoke in Nairobi

FEARS OVER Aids are beginning to hit Kenya's tourist sector, the country's third largest source of foreign exchange.

Hotels on the Kenyan coast report that up to 50 per cent of their bookings have been cancelled following recent articles in the West German press about the prevalance of Aids (acquired immune deficiency syndrome) in the area. West Germans and Swiss are the two largest tourist groups.

Last week the British Ministry of Defence banned members of the Parachute Regiment, on manoeuvres in Kenya, from visiting the resort towns of Mombasa and Malindi. Kenyan politicians have reacted angrily, suggesting that it was part of a malicious campaign against the Kenyan tourism industry and denying that Aids is a problem on the coast.

Israel's Lavi fighter flies into heavy flak

BY OUR FOREIGN STAFF

Doubts grow over the future of the costly Lavi fighter

ON New Year's Eve, the Lavi (Lion), Israel's ambitious, high-technology combat aircraft for the year 2000, leapt off the drawing board and into the air on its maiden flight.

But two weeks later the costly prestige project ran into heavy financial, political and military turbulence, casting its future into serious doubt.

Israel's military commanders are voicing second thoughts about the Lavi, under mounting pressure from the Reagan Administration to choose a cheaper option based on a US warplane, and facing severe restrictions on the defence budget.

"I like the Lavi, but I can live without it," the air force commander, Lieutenant-General Amos Lapidot, said in an interview. He warned that the programme could only go ahead if the Government committed substantial funds from outside the defence budget.

Washington's view, hammered home last week by Dr Dov Zakheim, the deputy under-secretary of defence, is that Israel simply cannot afford the Lavi and the US will not provide an extra cent in military aid to finance it.

Lt Gen Zakheim said the US calculated the Lavi would cost roughly 45 per cent more to build than the $550m a year which Israel has budgeted. He presented Israeli leaders with 19 alternatives, of which the most plausible was that Israel would build a version of the General Dynamics F-16, fitted with some of its own revolutionary avionics.

Senior defence officials say this solution would meet military requirements and release much-needed funds for other weapons projects.

Privately, they doubt whether Israel really needs or could afford to fly the 240 to 300 Lavis originally envisaged. While the Lavi is designed primarily as a stake aircraft, Israel's air strategy will remain based on air-superiority fighters, they say.

But if the air force were to scale down its requirement to a more realistic number, say 150, the unit price of the aircraft would soar further. Already some $1.2bn has been spent on development, although most of this was US taxpayers' money.

If the military, hard hit by budget cuts and short of money for basic training, is prepared to sacrifice the Lavi, the same does not seem to be true of Israel's politicians.

For them, particularly in the right-wing Likud bloc which launched the project, the Lavi is more than just an aeroplane—it is a potent national symbol, a test case for the technological and industrial future of this small but proud nation.

That, too, is the argument of Israel Aircraft Industries (IAI), the state-owned manufacturer which, as Israel's largest industrial employer, has considerable political clout.

IAI estimates that around 4,000 of its 22,000 workforce are employed on the Lavi project and the figure would rise to 6,000 in the 1990s when the aircraft goes into production.

"Israel's aerospace industry is at a turning point today," an IAI executive involved in the Lavi project said. "We have to decide as a nation on a permanent war footing whether we stay in the big league or not, with all that that entails for industry, employment, technology and security."

Most of the alternatives would provide substantial work for Israeli companies, but the level of technology would not necessarily match the Lavi project, for which Elbit Computers has developed unique cockpit data - processing computers designed to give the pilot only absolutely essential information.

Beyond the technological and jobs arguments, some of the Lavi's advocates claim that dropping it would embolden Israel's Arab enemies.

The Lavi presents difficult choices for Israel's shaky national unity government, which includes no fewer than five current and former defence ministers—Mr Yitzhak Rabin, Mr Shimon Peres, Mr Ezer Weizman, Mr Ariel Sharon and Mr Moshe Arens.

Two of the five, Mr Sharon and Mr Arens, are contenders to succeed Prime Minister Yitzhak Shamir as Likud leader. Both fiercely support the Lavi.

On the other side of the political fence, while Mr Weizman and (in private) the present Defence Minister Rabin have their doubts about the plane, Mr Shimon Peres, the Labour Party leader, still trumpets it as a project of paramount national importance.

Most Israeli politicians, regardless of party allegiance, are deeply imbued with the belief that, given Israel's unique security situation, "nothing's too good for the army."

So neither major party wants to be first to propose sacrificing the Israeli plane for an American alternative. But if anything can overcome the political deadlock, it is the immediacy of the cost problem.

The Lavi is swallowing a growing share of the $1.8bn annual US military aid and Washington has told Israel flatly there will be no extra grant.

"We have severe difficulties making ends meet within the current support structure and the Lavi takes a very significant portion of the support," said General Lapidot, the air force commander.

"Israel must decide in the current fiscal year whether or not the Lavi is a project of national importance, and if so make a significant sum available from outside the defence budget. If the decision is that this is not a national project, it should be dropped," he said.

Israeli warplanes attacked a Palestinian guerrilla position yesterday in their third raid on Lebanon this year, the Israeli army said, reports Reuter from Tel Aviv.

The army said the planes attacked a building southeast of Sidon in southern Lebanon used by a Palestinian organisation for storing weapons and ammunition.

Mozambique cabinet reshuffled

BY ANTHONY ROBINSON IN JOHANNESBURG

THE MOZAMBICAN security minister, Mr Sergio Vieira, has been sacked along with the governors of Tete and Zambezia provinces in a Government reshuffle announced after the conclusion of a five day meeting of the ruling Frelimo party central committee in Maputo.

Mr Pascual Mocumbi, the former Minister of Health, has been appointed as the new Minister of Foreign Affairs, the post formerly held by President Joaquim Chissano who succeeded President Samora Machel, killed in an aircrash on South African soil on October 19.

Mr Mariano Matsinhe, a veteran of Frelimo's liberation struggle against Portugal, has taken over the key security portfolio while Mr Vieira has been dropped from the cabinet and given only a minor post as director of the party cadre school.

Pretoria has made no official comment on the reshuffle but the removal of Mr Vieira, regarded in S. Africa as one of the most dogmatically pro-Soviet members of the Frelimo Government, could lead to closer co-operation between the two governments on all-important security issues.

In recent weeks South Africa has stepped up pressure on Maputo to further restrict the activities of the African National Congress (ANC) and six ANC members, including Mr Jacob Zuma, its chief representative in Maputo were "transferred" back to ANC headquarters in Lusaka on Friday.

Mr Vieira's position had been severely weakened by the success of last week's attack by Mozambican National Resistance (MNR) rebels on a hydro power station, hospital and police station at Monopo, which deprived the nearby provincial capital of Nampula, and its military academy, of electricity.

Replacement of the two provincial governors also reflects their failure to wage a successful counter-offensive against MNR rebels who, despite denials from Pretoria, are believed to receive clandestine South African military support.

Last month President Chissano reaffirmed his commitment to the March 1984 Nkomati accord with South Africa under which Mozambique undertook to restrict the activities of the ANC in return for an understanding that Pretoria would end its support for the MNR and resume normal political and economic links.

Shultz holds Lagos talks with Nigerian leader

BY OUR FOREIGN STAFF

MR GEORGE SHULTZ, the US Secretary of State, yesterday held talks with Nigeria's military leader, General Ibrahim Babangida, during a 10 hour visit to Lagos, the fourth stop of a six nation African tour.

Mr Shultz, who was due to hold a press conference last night before flying to the Ivory Coast, was thought to have discussed the current conflict in Chad, explained US policy towards South Africa, and expressed US concern about the involvement of Nigerians in drug trafficking to the US.

He was also expected to pledge US support for Nigeria's wide-ranging economic reform programme, which adopts policies advocated by Washington. In the course of his tour Mr Shultz has urged African countries to adopt free market economic measures.

Officials travelling with Mr Shultz said Nigeria's ban on US wheat imports would also come under discussion. Last year Nigeria banned wheat imports in an effort to encourage production of local staple foods and cut imports. US wheat sales to Nigeria were worth $225m in 1985.

Nigerian newspapers have given Mr Shultz a hostile reception. "Your government's policy of 'constructive engagement' with racist South Africa is 'baffling' the Guardian said.

Mr Shultz is likely to respond to the call by Prof Bolaji Akinyemi, the Nigerian foreign minister, for France and the US to halt military shipments to Chad, by reasserting what Washington sees as the need to curtail Libyan activity in the region.

AMERICAN NEWS

New White House spokesman announced

By Stewart Fleming in Washington

MR MARLIN Fitzwater, a veteran government information officer who has spent the past year as spokesman for vice president George Bush will be taking over from Mr Larry Speakes as President Ronald Reagan's chief spokesman, the White House announced yesterday.

Mr Fitzwater 42, has a reputation as being an approachable and knowledgable official. He was deputy White House press secretary for domestic policy from September 1983 to April 1 1985. He had previously herded the Treasury press public affairs department when Mr Donald Regan, the current White House Chief of Staff was Treasury Secretary.

There has been persistent speculation about who would succeed Mr Speakes since the announced late last year that he was leaving the government to take on the top public relations job at Merrill Lynch.

He faces a formidable challenge at the White House where for weeks Mr Speakes has been under siege at the twice daily press briefings as reporters have sought to extract information about the Iran arms deal controversy

Foreign Office denies contacts with Argentina

By Our Foreign Staff

The British Foreign Office yesterday strongly denied reports of indirect contacts between Britain and Argentina to reduce possible conflicts when the new 150-mile fisheries conservation zone round the Falkland Islands comes into force on February 1.

The denial was issued after senior Government officials in Buenos Aires said at the weekend that indirect contacts between Argentina and Britain had been taking place on the fisheries issue.

Mexico faces unrest over academic reform

BY DAVID GARDNER IN MEXICO CITY

MEXICO is facing the prospect of its first serious student unrest since 1968 after the rejection by student leaders of revised academic reforms at the National University (UNAM).

The reforms, similar to the French Government's ill-fated attempt to raise academic standards, sparked strong opposition when they were introduced last September, leading to the biggest student demonstrations here since the 1968 agitation, which was also parallel to the major student riots in Paris and elsewhere that year.

The 1968 movement here was suppressed by massacre, when army and paramilitry forces shot about 500 student protestors in a central Mexico City square on the eve of the Olypic Games.

The atmosphere of the present dispute has been peaceful so far. After two major demonstrations and a 24-hour strike at the end of last year, the UNAM authorities opened a public debate on the reforms with the University Student Council (CEU), an ad hoc body thrown up by the protests.

In effect, these talks have become negotiations in the course of which the authorities have presented modified proposals which the CEU leaders yesterday rejected out of hand, threatening a general strike at the 350,000-student UNAM unless the reforms are totally withdrawn.

At the root of the dispute is a bid by the rector, Mr Jorge Carpizo, to raise academic standards by sharply increasing requirements for entry and the conferral of degrees, by more rigorous assessments through faculty exams and by raising more cash for the under-financed UNAM through higher fees.

In the watered down proposals, a seven (out of 10) pass average over four years is sufficient for entry, against the suggested eight average, and passes completed in three years of study. At the moment, average entry grades are about four out of 10 while only about a third of students obtain degrees.

The proposals retain the existing fees level and lean back towards current methods of student assessment carried out mostly by the professors.

The CEU leaders are holding out against entry restrictions, and are calling for the debt-strapped Government to double funding for the UNAM. They were due to begin a series of mass meetings yesterday but are scheduled to continue talks with the authorities on Friday.

Venezuela oil estimates put it fourth in world league

BY JOSEPH MANN IN CARACAS

VENEZUELA'S estimate of crude oil reserves, at 55.5bn barrels puts it in fourth place in world oil reserves, taking into account figures in British Petroleum's statistical review of world energy last June.

The change in oil reserve status, announced by the Government, could have an important impact on Venezuala's role in the Organisation of Petroleum Exporting Countries and on the way international banks rank its potential for repaying debt and obtaining new foreign loans. Venezuela formerly was in ninth place in world oil reserves.

BP's 1986 estimates say the five leading countries in oil reserves were: Saudi Arabia (168.8bn barrels); Kuwait (89.8bn barrels); USSR (61bn); Mexico (49.3bn) and Iran (47.9bn). Oil reserve estimates published by other sources may vary.

At the end of 1985, Venezuela said its proven reserves were 28.5bn barrels, but raised its published reserve figure to 55.5bn barrels in December 1986 by adding new reserves (light and medium crudes) and by incorporating existing reserves, especially from the Orinoco heavy oil belt — that were not previously counted.

Ford chief in warning to Japan on fair trade

By Anatole Kaletsky in New York

JAPAN must reduce its voluntary limit on US car exports and accept a further sharp revaluation of the yen before fair trade can be restored between the countries, Mr Harold Poling, president of Ford Motor Company said yesterday.

In a hard-hitting speech which appeared to reflect the US motor industry's dismay about the continuing decline in its market share last year, Mr Poling told the Detroit Economic Club that Japan should cuts its car shipments to the US from the present limit of 2.3m units to 2m units.

The tighter restraint was needed to offset the rapidly growing number of vehicles assembled in the US by Japanese manufacturers, Mr Poling argued.

The Japanese should also increase the US content of vehicles assembled in the US, he said. Japanese car plants in the US were failing to make inroads into the trade imbalance because they amounted to "merely assembling made-in-Japan auto kits in Tennessee, Kentucky and Ohio."

Hopes that exchange rate realignments would redress the US trade balance had been disappointed, Mr Poling said, because the yen remained well below the level required to "place an accurate value on Japanese goods in the US market."

Minister sacked in Jamaica

MR DOUGLAS VAZ, a junior minister for Industry and Commerce, has been sacked by Mr Edward Seaga, the Jamaican Prime Minister, to whom he had written a letter objecting to aspects of a new agreement with the International Monetary Fund.

Mr Vaz, Industry and Commerce minister until he was demoted in a Cabinet reshuffle two months ago, said the agreement with the fund would damage the island's business community through removing incentives granted over the past 30 years.

Doreen Gillespie in Lima on the progress of the economy

Garcia stays on path to growth

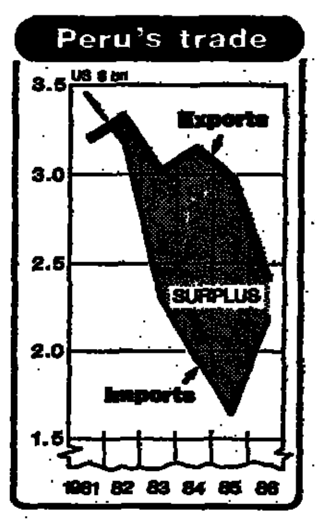
THE Peruvian Government of President Alan Garcia remains committed to a policy of high growth after 18 months in office in spite of a growing drain on reserves to pay for an upsurge in imports.

The drain on reserves, furthermore, is occurring even though the Government continues to pursue a policy of restricting service of its $13.7bn foreign debt to 10 per cent of exports.

On the latest projections the Government is confident that in the last year the economy grew 8.5 per cent. This is higher than originally expected and higher than any other country in Latin America outside Brazil. President Garcia furthermore recently predicted that the economy would grow on average 6 per cent through 1990.

President Garcia's justification for this policy of high growth is basically political. He believes that only through raising the incomes of the low paid and reactivating demand will the country be steered away from the political instability caused by the fanatical Maoist guerrilla movement, Sendero Luminoso (Shining Path) and the disaffected urban poor who conglomerate in and around the capital, Lima. At the same time he continues to argue that only with a revitalised domestic economy can Peru begin to service properly its foreign debt.

In purely political terms, this policy was vindicated by the positive results for the ruling American Popular Revolutionary Alliance (APRA) in the November municipal elections. However, the policy has had a price, especially regarding the overvalued official exchange rate of the inti against the dollar. Imports have been sucked in an reserves have plunged below the $1bn mark for the first time in three years.



In early December reserves were down to $976m against $1.5bn in March. Debt service has been running at around only $45m per month.

The Government has reacted to the fall with a finance packaged aimed at restricting imports and boosting exports through selective devaluation in addition to the pre-arranged devaluation of 2.2 per cent, due to start at the end of this month. The package, which has been emerging piecemeal since the beginning of December, also relies heavily on attracting private investment.

President Garcia since June has been coaxing and bullying Peruvian businessmen into expanding mainly in consumer manufacturing and food industry. Promised credit and tax incentives are slowly coming. But the Government has given an important indication of the industries it intends to promote in the package, mainly through selective devaluation announced by President Garcia at the beginning of December.

The highest exchange rate, including a 20 per cent bonus over the financial rate (currently 17.40 intis to the dollar) is to be paid to labour intensive industries which, by using local raw material, require the least dollar expenditures.

Manufacturers of cotton, woollen and alpaca garments, canned fish and shell fish, agro-industrial products and gold handicrafts will be getting 22.62 intis to the dollar including certex (foreign exchange) tax refunds.

The lowest exchange rates, halfway between the official base rate of 13.98 intis and the financial rate, are being paid to traditional exporters of oil and copper followed by other minerals and commodities like cotton, sugar, coffee and fishmeal. The theory seems to be that production cannot increase quickly and revenue is tied to sluggish international prices.

Last year's exports fell by $500m on the 1985 total of $2.9bn, reflecting both the low prices and the semi-frozen exchange rate since August 1985. Imports, including an increase in manufacturing inputs and capital goods as well as basic foodstuffs to cover shortages, left only a marginal trade balance last year.

The Government will continue to use the base rate for imports of wheat, milk powder and other basic foods, medicines, newsprint and some agricultural inputs. All other imports have been shifted to the financial rate.

Meanwhile Congress, which has approved financing legislation for the 1987 budget, has given the executive a free hand to handle the long-announced renegotiation of the $14bn foreign debt. Bankers say this has always been decided by President Garcia.

Congress has also, optimistically, authorised the central government to borrow up to $560m abroad this year. About $80m will be used for imports for priority sectors like agriculture, fishing, health and education. Another $80m is designated for production of essential goods and services, and $200m has been earmarked for balance of payments loans.

Money raising efforts include government plans to sell up to $400m worth of state shares in some of the more attractive state business ventures. There has been immediate political opposition to the proposal from left wing politicians.

The Government does not expect a rush of buyers, but it is considering putting a package, including state holdings in cement companies, regional electricity corporations and the Benueaventura Mines on the Lima Stock Exchange, where it hopes to raise $100m. There are designated for national defence, $200m is authorised for imports needed for production of like Petroperu, Electroperu or public utilities companies no plans to sell large companies which together have lost $800m this year. Neither are there likely to be any offers.

There is little doubt that President Garcia will succeed in raising the funds necessary from industry to raise the expansion he is seeking although perhaps not the $100m to $300m he hopes. Independent analysts—who underestimated last year's growth — are also close to backing President Garcia's 6 per cent forecast for the coming year.

Shell confirms promising gas find in Peru

ROYAL DUTCH SHELL has confirmed promising gas discoveries in Peru's central southern jungle where it has spent $180m (£122m) in exploration over the past five years.

It is going ahead this year with two more exploratory wells and an economic study on whether it can use the finds despite the Garcia Government's nationalistic attitude towards foreign oil companies.

Shell expects to spend another $40m this year, taking its total investment in Peru to $220m.

Shell's latest well, the Cashiari tested at between 20m and 30m cu ft a day. The company is preparing a second well at the end of next month, hoping to verify an oil leg under the gas.

Shell has already found large reserves of gas in the central southern jungle with two wells, the Segakiato and San Martin, drilled in 1984 and 1986. It estimates these reserves at 3 trillion cu ft of gas.

Shell's study, to be completed in March, is exploring every possible use of the gas. But the find is east of the Andes, requiring a trans-Andean pipeline to the southern coast, at an estimated cost of $1bn. An alternative market could be Brazil where Occidental Petroleum pipes gas from Bolivia

Sir Joh Bjelke-Petersen

Queensland PM seeks coal deal in Turkey

By Chris Sherwell in Sydney

SIR JOH BJELKE-PETERSEN, Premier of the Australian state of Queensland, has flown to Turkey in a bid to secure a $1.5bn (£1.02bn) thermal power station deal which will use Queensland Coal.

An Australian-based consortium with Chiyoda of Japan as main contractor is in competition for the contract with others led by Bechtel of the US and Brown Boveri of Switzerland.

Under the proposed deal, the Queensland Government would take a $70m equity stake in the project in return for long-term guarantees for the use of Queensland coal.

If it goes through, Sir Joh says up to three new coal mines could be opened in Queensland, involving thousands of jobs, to meet exports of 3.5m tonnes of coal a year.

The Turkish Government would also take a stake in the project.

Apart from a $1.3bn power station to be built at Gazi in southern Turkey, the project involves the construction of a deep-sea coal port at Iskenderum

Others in the Australian-based consortium are Seapac, a Sydney company, and Westinghouse of the US, which would be the subcontractor for some of the work and have responsibility for operation and maintenance of the power station.

Saudi visit for Channon

Mr Paul Channon, the British Trade and Industry Secretary, will start a three-day visit to Saudi Arabia on Friday, the Department of Trade and Industry said yesterday, Our World Trade Staff writes.

Japanese business leaders warn EEC over dumping duties

BY CARLA RAPOPORT IN TOKYO

JAPAN'S powerful Keidanren, the confederation of business organisations, in an unprecedented move has sent a letter of protest again proposals to extend European anti-dumping duties to the heads of state and top officials of all EEC countries.

The letter, signed by Mr Akio Morita, chairman of Sony and vice chairman of the Keidanren, warns that the proposed extension of anti-dumping duties gives rise to "serious concern over the future of the industrial co-operation between Japan and member states."

The anti-dumping duty extension, if approved, would automatically cover all the componets of products currently subject to anti-dumping duties. It is being considered as a means of clamping down on so-called "screwdriver" assembly operations within the EEC, which rely heavily on imported components, mainly from Japan. It would primarily affect the Japanese electronics, office equipment and construction equipment plants in Europe.

The Keidanren letter says the proposed legislation would "surely discourage" direct investment by Japan into Europe. The Japanese estimate their investments in Europe, worth more than $2bn, provide more than 72,000 jobs.

The letter is highly unusual in that it takes an outspoken stance against legislation which is still under discussion in Brussels. The Japanese have traditionally shied away from expressing their views on sensitive trade issues.

A new sense of aggressiveness is shown throughout the letter. For example, it claims that Japanese companies import components primarily to maintain the quality of their products, not in order to reduce costs and circumvent anti-dumping duties.

"It is often difficult to get satisfactory local sourcing of appropriate parts or components," the letter charges. It adds that Japanese companies are aiming to boost local sourcing, but "it seems strange that the EEC should attempt to force the incorporation of local parts and components . . . by legal or administrative means." It also suggests the proposed legislation would contravene the General Agreement on Tariffs and Trade.

A Keidanren offical yesterday added: "Japanese manufacturers are keenly interested in investing in Europe, but this will cut back on their investment very harshly."

Shipyard orders for S Korea up 200%

FOREIGN orders placed with South Korean shipyards rose to 2.25m gross tons in calendar 1986, nearly 200 per cent above the 771,000 tons reported in 1985, officials of the Korean Shipowners' Association said, Reuter reports from Seoul.

The value of the 1986 orders more than doubled to $1.07bn (£726m) last year from $522m in 1985, they said.

The officials said the rise was due mainly to the strong yen, which made South Korean yards more competitive.

The backlog of foreign orders at end-1986 stood at 72 ships totalling 2.69m gross tons, against 123 ships totalling 2.84m tons a year earlier, they said.

Malaysia scours markets to sell its national car

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S national car, the Proton Saga, has proved its technical competence after 16 months on the roads. As elegant as any Japanese car, it is desperately seeking export markets as the domestic market suffers its worst contraction.

The prospects for the Malaysian car market are so depressed that Mitsubishi, the Japanese partner in the Malaysian car project, has recently expressed doubts over the future of the Saga.

The Mitsubishi group's concern arose when sales of the Saga fell to below 800 units last August, following a hefty price increase. Sales later recovered to around 2,000 units when the prices were lowered.

Perusahan Otomobil Nasional Proton, manufacturer of the Malaysian car, has signed up with agents to export the Saga to the British and US markets. But sales to these countries are not expected to begin until 1988, after the car has complied with various tests and regulations.

Mr. Malcolm Bricklin, chairman of Bricklin Industries, the US distributor, is confident of selling as many as 100,000 Sagas in the US a year. Bricklin previously launched the Japanese Subaru and Yougoslavia's Yugo in the US.

But Proton officials will have to be content with less attractive markets such as Bangladesh, Sri Lanka and Papua New Guinea. for the immediate future.

Proton is 70 per cent owned by Hicom, the Government's Heavy Industries Corporation of Malaysia and 30 per cent by Mitsubishi Corporation and Mitsubishi Motors.

The car project, which cost around Ringgit 600m ($230m) is a centrepiece of Prime Minister Dr Mahathir Mohamad's plans to push Malaysia into the ranks of industrialised nations. He envisages a wide range of industrial spinoffs from car manufacturing.

Since Proton started selling its cars in September 1985, the Saga has captured half the Malaysian market. It comes in a 1300cc and a 1500cc version and is sold at between Ringgit 19,000 and Ringgit 23,000 ($7,300 and $8,850).

The prolonged Malaysian recession, which has severely contracted the car market, has put the Saga into jeopardy.

According to the Malaysian Motor Manufacturers' Association, car sales for 1986 are estimated at around 45,000 units, compared with 65,000 units in 1985 and 100,000 units in 1984.

When the Malaysian car project was launched in 1982, the local market was projected to grow by a healthy 8 per cent annually.

Proton has had to curtail its production. According to original projections, Proton should be turning out about 50,000 Sagas for 1987 but it is unlikely that more than 25,000 units will be produced.

Because of the small production volume, the Saga will continue to be heavily subsidised.

Another problem facing the Malaysian car is the strong Japanese yen, which has appreciated some 60 per cent of the Saga's value, not to mention the huge yen loans taken to build the car plant outside Kuala Lumpur.

The Proton Saga so far has been slow in fulfilling Dr Mahathir's hopes of manufacturing spinoffs. At a recent meeting with Mr Tengku Razaleigh, the Trade and Industry Minister, local car parts manufacturers complained Proton was applying too stringent conditions, with the result that few local suppliers could meet the quality standards.

One angry supplier said: "Proton wants us to meet their standards before making orders, but unless we have the orders, how is our factory going to survive?"

Proton is also facing criticisms from local car assemblers who accused the Malaysian national car of unfair competition. Imported parts for the Saga are exempted from duty, while Malaysian car assemblers have to pay heavy duties for their CKD (completely knocked down) car assembly kits.

The seven car assemblers have been forced to retrench and at least three assemblers of Japanese models have temporarily stopped reduction to clear unsold stocks.

Despite the gloomy prospects, the Malaysian Government is confident of the future of its car project. Until the appreciation of the yen, Malaysia had won itself a cheap car industry.

But to survive now without heavy subsidies, the Proton Saga must fight for a good share of the foreign market.

Soviet export demand limits joint ventures

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union only expects initially to sign agreements for ten or 12 joint ventures with Western companies, senior Soviet trade officals have told Western diplomats. Soviet foreign trade was restructured by decree last September—one of several reforms initiated by Mr Mikhail Gorbachev, the Soviet leader.

In talks between Western companies interested in joint ventures and Soviet officials the main obstacle to emerge is Moscow's wish to finance joint schemes through exports to the West while Western companies see joint ventures as selling to the Soviet market itself.

Soviet officials insist that they want to earn hard currency directly through sales to the West of products made by joint ventures while potential Western partners say the main benefit to the Soviet Union should be through import substitution. Joint ventures would make goods within the Soviet Union hitherto imported from abroad, the hard currency profit of the foreign partner being linked to the cost of imports saved.

An institute to help Soviet companies and ministries grapple with marketing problems following recent foreign trade reforms, has been set up in Moscow, Tass announced yesterday. The Institute for Foreign Economic Links will provide recommendations to more than 20 ministries and 70 enterprises which since January 1 have had the right to conduct foreign trade with Western markets independently.

Prof Igor Faminsky, the institute's director, told Tass that the new organisation would seek to improve the Soviet trading position, one of the first to be studied being joint ventures.

The idea of joint ventures with Western companies emerged early last year partly in response to the fall in Soviet oil and gas prices heavily cutting Moscow's export earnings. Between 80 and 85 per cent of Soviet exports are in the form of energy or raw materials.

In addition to joint ventures the Soviet Foreign Trade Ministry, which hitherto monopolised overseas commerce, has developed part of its authority to 21 industrial ministries and 72 state enterprises from the beginning of this year. Nine foreign trade organisations, the operating arms of the foreign trade ministry, have now been hived off to the appropriate ministries and enterprises.

This places two thirds of Soviet machinery and equipment exports and one third of imports in the hands of the ministries, say Soviet Trade officials.

The Soviet foreign trade gap, which opened alarmingly last year, may be reduced by the rise in the world oil price. Soviet officials have made clear, however, that they would not bridge the gap by long-term borrowing from foreign banks.

Meanwhile a major project, the Blagoveschensk synthetic fibre polyester plant, for which Davy McKee and ICI of the UK are bidding, is being tendered again after being delayed last year. The $1bn contract, once offered on a turnkey basis, is now Fob. West German and Japanese consortia are also competing for the project.

Moscow close to power plant accord with Delhi

BY K. K. SHARMA IN NEW DELHI

ALTHOUGH INDIA is reluctant to accept an offer from the Soviet Union to build nuclear power plants in the country, the stage is set for large-scale Indo-Soviet collaboration in other forms of electricity generation.

After three days of talks between Mr A. I. Mayorets, the Soviet Minister for Power and Electrification, and Mr Vasant Sathe, Indian Energy Minister, it was announced yesterday that deals had been discussed for the construction of at least five big power projects by Russia.

These would be a super thermal plant at Bakreshwar in West Bengal, at least two major thermal plants at pitheads in Tamilnadu and Bihar and co-operation in laying a 400 KV transmission line from Srinagar to Dulhasti in the state of Jammu and Kashmir. The existing 1,260 MW Soviet-aided power plant at Vindyachal is to be expanded.

These are in addition to the 2,400 MW hydro-power complex at Tehri in Uttar Pradesh that Moscow agreed to build on a turnkey basis when Mr Mikhail Gorbachev visited India last November.

Financing of the projects should not be a problem as the Soviet Union has extended two separate credits of one billion roubles each in the past year. Both are meant to finance shipments of equipment from the Soviet Union to India for Soviet-aided projects and so far have remained largely unused.

There are severe current electricity shortages in India hampering industrial production in most parts of the country. New plants that can be commissioned quickly are badly needed, as is a national power grid and Moscow has offered to help in setting this up as well.

The Soviet Union has been seeking big, prestigious projects in India as it has been a long time since it helped set up the big steel and heavy engineering plants in the 1950s and 1960s. Many of these are now obsolete and making losses and India has turned to Western companies for new technology in these areas.

UK NEWS

Costs rise points to higher retail price inflation

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE COST of manufacturers' fuel and raw materials jumped sharply in December for the second successive month, largely due to a seasonal increase in electricity charges. The rise continued the upward trend in costs seen since the middle of last year.

The trend has encouraged forecasts that Britain's retail price inflation will rise steadily this year, although so far manufacturers have absorbed most of the additional costs without putting up their factory gate prices.

The Department of Trade and Industry said that manufacturers' input costs rose by 2.1 per cent in December following an increase of 2.6 per cent the previous month.

Officials said that the latest rise was almost entirely due to the normal increase in electricity costs at this time of year, and pointed out that the seasonally-adjusted index actually fell by 0.6 per cent in December.

Because of the steep drop in the oil price at the beginning of the 1986 and the general weakness of international commodity prices, costs last month were still 3.3 per cent lower than a year earlier. That figure, however, compares with the annual fall of over 10 per cent seen in mid-1986, which is now generally regarded as marking the trough of the present inflation cycle.

The increase in manufacturers' factory gate prices last month was a much more modest 0.3 per cent, leaving the annual rate of change at 4.2 per cent, the same as in November.

The latest surveys from the Confederation of British Industry, however, suggest that manufacturers plan to pass on more of their cost increases to consumers over coming months, which would push up the retail price index.

At present retail price inflation is running at an annual 3.5 per cent. The Treasury's forecast suggests that it will peak at just over 4 per cent in the summer before falling back to 3.75 per cent at the end of the year.

Other forecasters, however, are not so optimistic, with most suggesting the rate will reach closer to 5 per cent, particularly if the recent rise in oil prices is sustained.

Petrol price increases announced by the major oil companies over the past few days will feed directly into retail price inflation during the next month.

● Demand for consumer credit fell back slightly in November but retail spending in Britain continued to break new records, according to official figures

The Department of Trade and Industry said that £2.6bn of new credit was advanced by finance houses and retailers and on bank credit cards during the month. That compared with £2.8bn in the previous month

Merger clearance for Peat Marwick-KMG

BY OUR FINANCIAL STAFF

THE DEPARTMENT of Trade and Industry (DTI) has cleared the proposed merger between Peat Marwick Mitchell and KMG Thomson McLintock. The merger, announced last September, will create the UK's largest accountancy firm.

The clearance applies only to the UK operations of the two firms, which also operate abroad. The foreign operations will need separate approval where this is required.

A Peat Marwick spokesman said last night that the DTI's decision had removed the final restraint on the merger, which is now expected to be completed on April 1. The combined firm will have fee income approaching £200m and 428 partners.

The DTI's statement yesterday said that the decision should not be interpreted as necessarily indicative of its attitude towards other accountancy mergers.

MPs give tribute to Master of Parliament

By Ivor Owen

TRIBUTES WERE paid from all quarters of the House of Commons yesterday to Lord Stockton, formerly Mr Harold Macmillan, who died on December 29, aged 92. He was the Master of Parliament, whose political aims retained their relevance through and beyond the six decades that he was on the Westminster stage.

They were led by Mrs Margaret Thatcher, the Prime Minister, who in describing him as a man of courage, determination, wit and compassion did not dwell on her own antipathy towards the Keynesian policies, he consistently advocated.

She recalled his dominance in the Commons in the early years of the 1959 parliament when she first entered the House, and his brilliant speeches in the House of Lords after becoming the Earl of Stockton at the age of 90.

Mrs Thatcher acknowledged that up until the time of his death Lord Stockton kept his eye "firmly and positively on the future. He showed generations to come how to grasp the opportunities of the future while never forgetting the legacy of his past," she said.

Mr Neil Kinnock the Labour leader, insisted that Mr Macmillan would not have expected the tributes – traditionally paid to former Prime Ministers on the first occasion parliament meets after their death – to take the form of canonisation.

He maintained that while his period of office as Prime Minister had been a time of rising affluence and confidence in Britain it was also true that opportunities had been missed and changes avoided.

Mr Edward Heath, who served Mr Macmillan as a Cabinet colleague before becoming Prime Minister himself, said that history would eventually form a judgment on his career. He did not expect this to accord with what he termed "the rather superficial judgments made shortly after Mr Macmillan resigned as Prime Minister in 1963, and which, 20 yeats later, were being revived."

INTERNATIONAL LABOUR CONFERENCE DISCUSSES WORLD'S LARGEST COMPUTER COMPANY

IBM 'poses biggest challenge to unions'

BY PHILIP BASSETT, LABOUR EDITOR

SECURING union representation in IBM, the world's largest computer company, is the "labour equivalent of putting a man on the moon," a special international trade union conference on Organising In The Company was told yesterday.

The conference was the first of its kind and was organised by three international union federations, the IMF metalworkers, FIET white-collar workers and PTTI communication workers. Its main aim was how to establish union organisation in the predominantly non-union company, where only about 2.5 per cent of its employees worldwide are union members.

The conference in London has union representatives from 22 countries, and its proceedings are being translated into eight languages.

Introducing it, Mr Herman Rebhan, IMF general secretary, said that because IBM had so successfully kept out trade unions it had "become a symbol to those who see in the labour movement an unnecessary limitation of their own powers of control."

Although IBM was by no means the only non-union company in the world, it was the "most notorious." He gave a warning that if unions "let this challenge go by default it will set the pattern for the whole of the new technology industries." Unions would do so at their peril.

Echoing the stark realism of the report produced for the conference, he said: "I do not underestimate the difficulties. We are setting out to tackle one of the biggest jobs in the 20th century trade union organisation. Getting trade union representation at IBM is the labour equivalent of putting a man on the moon."

It was curious that it was in the new technology industries, which should be by their nature the most enlightened, offered the most resistance to trade union organisation. But he said that IBM employees "belong precisely to that new stratum of workers – technologists, scientists, designers, salesmen – who have to be unionised."

He equated IBM with the Conservative Party in the UK: "Both subscribe to the elitist cult of the individual – the blue bloods as against the collective voice, needs and wants of working people. Both want to see the labour movement emasculated."

Mr Norman Willis, TUC general secretary, said that tackling IBM was a "particularly difficult trade union problem of critical concern to the trade union movement around the world." A breakthrough in building organisation in the company would be a "valuable advance."

Trade unions needed generally to break through in the information technology sector – and trade unions could be valuable to people working in it: "The people producing the new technology have no less need for trade unions than their mothers and fathers."

But unions' traditional approaches to recruitment were "outdated and ill-suited to attracting the people who work in the high technology sector."

Mr Morty Bahr, president of the Communication Workers of America, who is chairing the conference, said unions needed to "strip away the invincibility aura" which surrounds IBM.

In addition to the initiatives the unions are to take on freephone lines for IBM employees to find out about trade unionism, he proposed that the unions should establish an international information exchange about IBM.

IBM UK said yesterday that it had no response to make on the conference itself. But it pointed out that the company respected all relevant national legislation on trade unions, works council rights and other aspects of industrial relations, and that it recognised the right for all its employees to belong or not to belong to a trade union.

Eurotunnel drums up support within British industry

BY ANDREW TAYLOR

A CAMPAIGN to persuade British companies that they stood to benefit from the Channel Tunnel was launched yesterday by Eurotunnel, the Anglo-French tunnel consortium, which this summer plans to raise £750m in a crucial international share issue.

Eurotunnel recognises it needs to raise its profile after its struggle to raise £206m from international institutions in a share placing last October.

Failure to raise the £750m it needs this summer could jeopardise loan and standby credit agreements worth more than £5bn with around 40 international banks.

The campaign launched yesterday by Eurotunnel and British Rail, which will be the tunnel's biggest customer, forms part of a concerted drive by the consortium to increase public enthusiasm for what will be one of the world's largest ever construction projects.

The survey has been devised partly to counter criticism that the tunnel will benefit south east England to the detriment of other less advantaged regions, such as the Midlands and the north of England.

According to Eurotunnel a number of west coast ports, including Clydeside and Merseyside, are already investigating ways of using the tunnel to capture a greater share of North Atlantic traffic which at present uses Rotterdam as its main port of entry to the Continent.

About 1,500 British companies, including some of the largest exporters to the Continent will be asked to outline their transport needs after 1993 when the tunnel is due to open.

British Rail said yesterday that up to 70 per cent of goods from Britain using the tunnel would come from factories and warehouses outside of London and the south east of England.

Firemen criticise tunnel safety

BY NEIL BENNETT

LEADERS of Britain's firemen yesterday gave a warning that the proposed Channel tunnel could become the "longest crematorium in the world." They attacked the Government for trying to rush plans through and claimed that the tunnel consortium's last consideration had been its safety.

Mr Ken Cameron, general secretary of the Fire Brigades' Union, said the union had serious doubts about the safety of people who would travel through the tunnel and the fire crews who would deal with any accident. A large loss of life in a train fire was a distinct possibility, he said.

Mr Robert Blackburn, former chief fire officer of West Sussex, attacked proposals to let passengers stay with their vehicles. "People will ignore fire warnings," he said.

Present plans allowed for a three feet gap between the cars and the sides of the carriages. This, said Mr Blackburn, would quickly become blocked by open car doors and people trying to escape from a fire.

Mr Blackburn suggested that vehicles should be carried in sealed carriages at the rear, while passengers sat at the front of the train.

US, British brokers offer joint service

BY HUGO DIXON

LAURENCE KEEN, the UK stockbroker, and Pershing, the US stockbroker, have created a new company, Pershing Keen, which is said to be the first broker offering an equities clearing and settlement service in both countries.

The move towards an international clearing service is a consequence of the globalisation in securities markets. It is also a response to increased competition in Britain's financial services industry following last year's Big Bang deregulation of the City of London, which has made it more attractive for brokers to contract out their back-office work and so cut overheads.

Pershing, which has one of the largest clearing services operations in the US with 500 clients, is taking over Laurence Keen's small operation, which so far has only one client. The new company, Pershing Keen, has applied for membership of the London Stock Exchange and will open for business on February 7th.

Laurence Keen's own back-office team, with 60 employees, will transfer to the new firm and staff it; Keen's financial partner, Mr Christopher Langford, will be its managing director. It will, however, be a wholly owned subsidiary of Pershing.

The exact financial arrangement, which has encouraged Laurence Keen to part with its embryonic business, has not been revealed but it is understood not to have received a lump-sum payment for doing so. Instead it will get a discount on its own use of the clearing services and some continuing interest in its profits.

Mr Van Burger, chairman of Pershing, said he expected new stockbroking firms arriving in London, which did not want to set up their own back office, to use the service. His firms' US clients would also be able to use it.

The service might be expanded at a later stage to offer an equity transaction service, Mr Burger said. Pershing was also interested in offering clearing services in other stock markets around the world, although it had no definite plans.

So far the clearing services business has been slow to take off in Britain. Apart from Laurence Keen, there are only two other brokers offering them – Broker Services, a joint venture between Barclays Bank and NMW, and FICS, an offshoot of Hoare Govett.

Since the invention of the internal combustion engine, rust has been the motor car's No 1 enemy.

And it was a problem Audi was determined to crack with the launch of the new Audi 80.

Over the years, car manufacturers (and Audi in particular) have come up with a number of highly-effective ways of keeping the demon rust at bay.

But rust plays a very long game.

Given time, it seems rust will get its teeth through any painted-on protective layer. Then go on to eat into the metal itself (along with the resale value of your car).

Alone, but for the notable exception of Porsche, Audi invested the money and resources needed to find a radical solution.

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As a result, the very sheet metal from which the new Audi 80 is built is zinc galvanised. To a thickness of 8 microns. And on both sides.

If a stone flies up from the road and hits this car hard enough to chip through the paint, something extraordinary happens.

The zinc 'bleeds' over the bare metal and, in effect, heals the wound.

Of course, if you read the motoring press, you'll know there's nothing rusty about the new Audi 80 from any point of view.

Its drag factor of Cd 0.29 is a world best for the class.

And the options list wouldn't disgrace a car twice the price: four-wheel-drive, ABS, fuel injection, leather interior, one-touch electric windows, electric door mirrors and sunroof, air-conditioning.

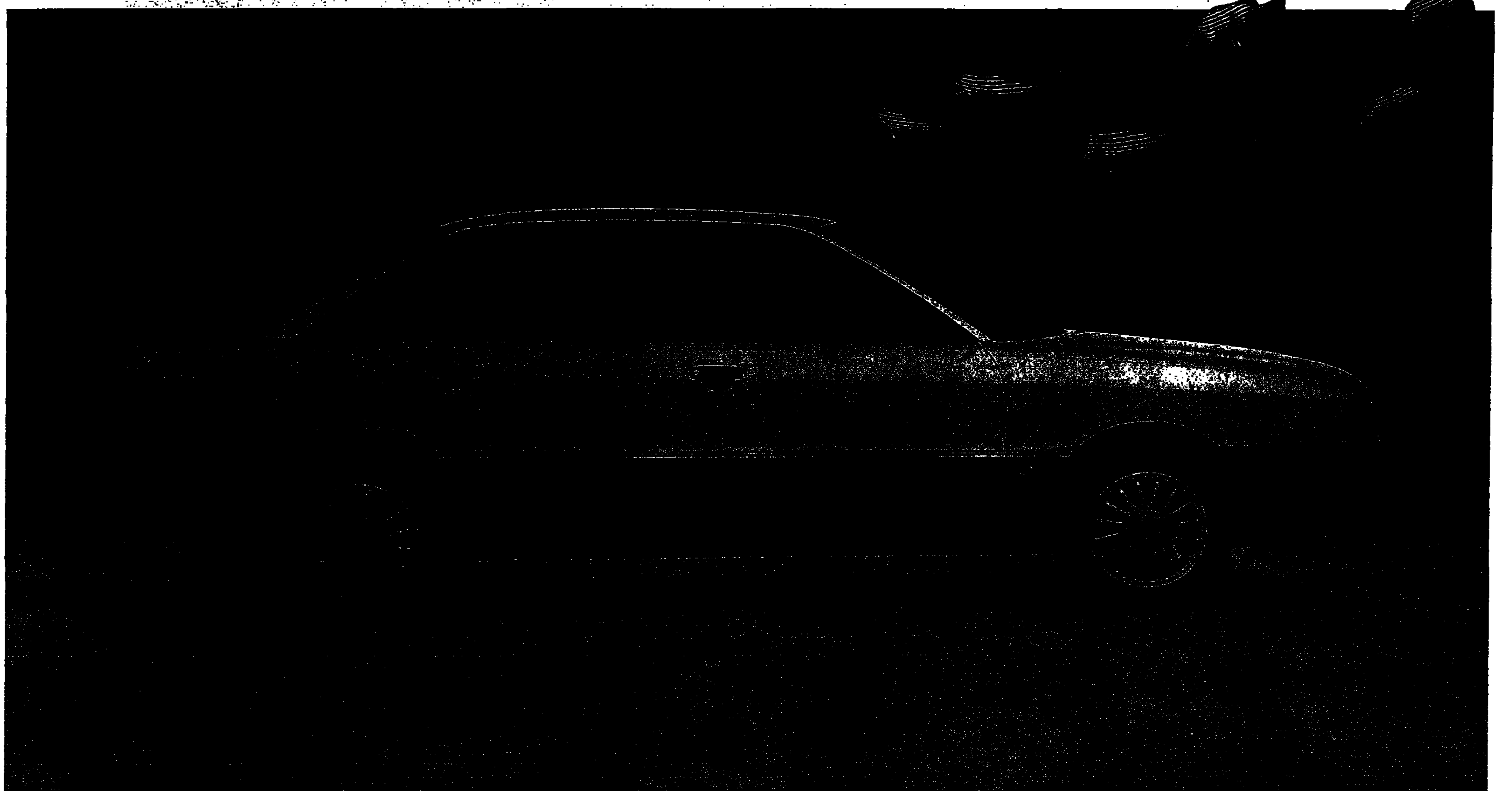
The new Audi 80 also offers one option not available on any other car in the world.

It's a safety system called Procon-Ten, invented by Audi, and it's designed to help you walk away from the head-on collision none of us likes to think about.

The new Audi 80: it makes other new cars look as if they have quite a few miles on the clock.

T H E N E W A U D I 8 0

Rust: at last someone's stopped painting over the problem.



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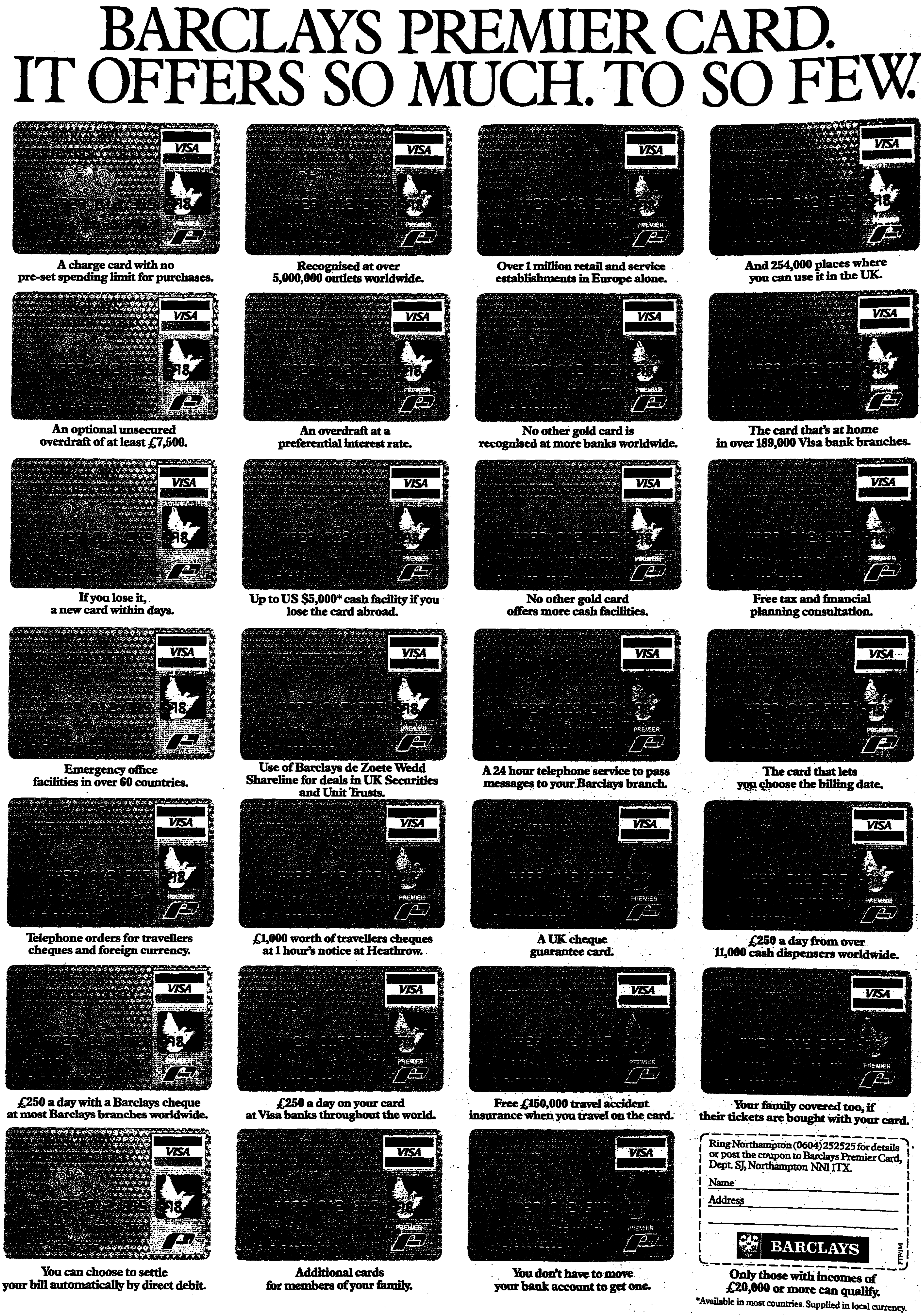

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£250 a day on your card at Visa banks throughout the world.
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Hitachi to make microwave ovens at Welsh factory

BY ROBIN REEVES

HITACHI, the Japanese consumer products group, yesterday unveiled plans to diversify into the manufacture of microwave ovens for the European market at its UK factory in Hirwaun, South Wales.

It is to invest £7m to produce 180,000 units a year in a new 85,000 sq ft factory to be built by the Welsh Development Agency (WDA). Production will start next December.

The project is due eventually to create 200 new jobs at theHirwaun site, which currently employs 850 workers to manufacture colour televisions, video recorders, and hi-fi equipment. The Welsh Office has backed the expansion with grant aid of more than £1m.

Mr Ted Kurose, managing director of Hitachi Consumer Products (UK), said that the Welsh site had been chosen after a thorough investigation of other potential locations in France and West Germany. The choice of Hirwaun was a tribute to the co-operation and assistance the company had received from the Welsh office, the WDA, and the local authority. He also praised the electrician' trade union, the EEPTU, which has a so-called "no-strike agreement" with the company for its co-operation.

The new facility will be Hitachi's first microwave oven manufacturing facility outside Japan. Some 80 per cent of components are due to be sourced in Europe.

The new investment represents a significant vote of confidence in Hitachi's Welsh operation. The company only acquired sole control of the site in 1984. Previously, it was run for five years as a joint venture with GEC, manufacturing colour televisions only.

Hitachi estimates the current European market for microwave ovens at about 2.5m units annually – of which 1.7m are sold in the UK – and puts its share at 5 per cent. The new Welsh manufacuring unit, which is being built on a 4-acre plot, allowing scope for further expansion, will initially concentrate on five mainstream oven models.

Christopher Parkes writes: While the British market for microwave ovens has flattened after a spell of rapid growth, demand in continental Europe is rising by about 30 per cent a year, with sales strongest in France and West Germany.

Electrolux, the world's leading domestic appliance company, recently established a factory at Luton, Bedfordshire, mainly to supply ovens to its European subsidiaries.

Three-quarters of its output, expected to reach 250,000 a year in 1988, will be exported across the English Channel.

Britain was the first European country to adopt microwave cooking on any scale, and has since become a leading producer, with indigenous and Japanese manufacturers and importers competing strongly for market share.

As a reucit, the UK has developed manufacturing skills and a network of components suppliers, which are likely to attract other companies seeking to exploit the EEC market.

Growth of the UK industry will probably be further accelerated if European appliance makers succeed with their efforts to restrain imports from Japan. Late last year the European Commission in Brussels started an investigation – prompted by the French and other EEC manufacturers – of claims that the Japanese were dumping microwaves in the EEC.

The imposition of extra duties or quotas could prompt more Far Eastern suppliers to source their products in the European Community.

● An unemployment blackspot in the West Midlands is expected to receive a major jobs boost today from the giant Japanese electrical company NEC. Officials of Telford New Town in Shropshire have been negotiating with the company for a year, in the face of stiff European competition.

NEC is now expected to announce that Telford has been chosen for a factory to make television and video-recorders on a 40-acre site. The factory should create around 1,000 jobs for the new town, which suffers higher than average unemployment.

It is understood the Government has pledged £7m in grant aid, and it is hoped that once the factory is established, hundreds more jobs will be created.

City airline set to use Dash 7 aircraft

By Lynton McLain

EUROCITY EXPRESS, the airline formed by the British Midland Airways group to operate from the proposed London City Airport 20 minutes east of the City, is to acquire up to five 50-set de Havilland Dash 7 short take-off and landing (Stoc) airliners for use from the airport.

Eurocity Express is also considering buying the 90-seat British Aerospace 146-200 four-jet airliner, although jet aircraft are not permitted at the moment to operate from the City airport.

One of the problems is that the Government is planning a new bridge across the River Thames, the proposed East London river crossing near the airport site. British Midland has taken advice from civil engineering consultants and has produced a revised bridge scheme that could enable the BAe 146 to operate, providing noise regulations were not infringed.

The airline, formed in October, has signed a contract with the manufacturer for the delivery of four Dash 7s this year. Mr Michael Bishop, the chairman of the British Midland group, said yesterday that the airliners would be acquired on operating leases. Talks with de Havilland for a fifth aircraft are underway.

Eurocity Express will take delivery of its first Dash 7 from the Canadian de Havilland company, now part of Boeing, in March. This will be close to the time the Civil Aviation Authority opens its public hearings on March 10, 11 and 13, into competing bids from three airlines wanting to start services from the London City airport.

The airport in the disused Royal Docks in the east end of London is to open for commercial operations in the autumn this year.

Eurocity Express's first Dash 7 will be used first by Loganair, the Scottish subsidiary of British Midland, on regular scheduled services between Belfast Harbour Airport and Manchester.

Eurocity Express has applied initially for services to Paris, Amsterdam, Brussels, Rotterdam, Düsseldorf, Manchester, Jersey and Guernsey.

Union talks delay launch of 24-hour London newspaper

BY RAYMOND SNODDY

THE LAUNCH of the London Daily News, the new 24-hour newspaper, has been postponed for two weeks until February 24. It is the second postponement for Mr Robert Maxwell's new rival to the London Evening Standard which was originally scheduled to appear in mid-November.

Mr Maxwell, publisher of Mirror Group Newspapers, told the Daily News staff of the postponement yesterday afternoon. He blamed the delay on talks with the National Graphical Association (NGA), the printing union, which had "taken longer than was necessary and regretfully were only completed today."

The talks involved the number of surplus NGA workers from the Daily Mirror who were to be employed on the Daily News, a newspaper using the latest electronic technology.

Between 40 and 50 NGA members are to be employed on the paper pasting up editorial and advertising copy produced by electronic means. A three-week period of training is needed for the staff involved.

Mr Maxwell told staff yesterday that editorially the paper was ready to go but that as publisher he had taken the decision to postpone to ensure that the production departments would be ready. Production of dummy newspapers will go ahead on schedule and the first will be produced this morning.

Early in February nearly 2m free copies of the London Daily News are to be distributed to homes throughout the London area to let as many people as possible see the new newspaper and to gauge reactions.

Mr Magnus Linklater, editor of the London Daily News, said yesterday that there would be a phased introduction of dummy papers. From next week regular dummies would be produced each day and, as happened prior to the launch of The Independent, the five satellite printing plants the paper will use would be tried out in turn.

The paper is to be printed, Mr Linklater says, on the new Daily Telegraph presses on the Isle of Dogs in London's Docklands, at Poyle near Heathrow, Edenbridge in Kent, Chesham in Buckinghamshire and at Walthamstow, in north-east London.

Since the project was conceived the number of journalists on the paper and with it the cost of the project has risen following the decision to go to a 24-hour paper.

In September Mr Maxwell said there would be little change out of £20m. It is believed this figure has now risen to £25m.

Scottish growth 'will lag behind the rest of UK'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE Government expects Scotland to have slower economic growth than the rest of the UK this year. It bases its forecast not just on the downturn in North Sea oil development activity, but on the mixed prospects for the rest of manufacturing industry.

In the latest issue of the Scottish Economic Bulletin, the Scottish Office says that the beneficial impact of low oil prices on cost competitiveness and the recent decline in sterling are unlikely to be enough to offset the adverse effects of low oil prices on North Sea development activity.

The bulletin says that there should be "some limited output growth" in manufacturing, but at a lower rate than the rest of the UK. Most of the growth is likely to occur in high-technology sectors such as electronics, chemicals and aerospace. Traditional sectors such as textiles and clothing, food and timber processing will have more modest growth, the bulletin says.

Other industries such as steel, shipbuilding and other metal-using industries such as vehicle manufacture are not expected to grow.

Scottish Economic Bulletin number 34, December 1986. HMSO £7.

Parties set to observe poll stars at Greenwich

Michael Cassell reports on a by-election which may help determine timing of the next general election

PARLIAMENTARY by-elections rarely achieve the potential significance bestowed upon them by observers of the political firmament. But the forthcoming contest at Greenwich, which for nearly 300 years was the home of the Royal Observatory, could offer Britain's political parties a decisive glimpse of what the stars have in store for them.

The by-election, in south-east London's historic, riverside borough, is expected to be held in late February or in early March. It follows the death of Mr Guy Barnett, the sitting Labour MP, and the outcome might help determine the timing of a general election which is now widely expected this year.

Mr Barnett's 1983 majority over the Conservatives was 1,211, with the Social Democratic Party candidate in third place, taking a respectable 25 per cent share of the votes cast. Greenwich therefore represents an inner-city, marginal seat which all three parties feel they can win and which will provide them with a well-timed, if tragically created, opportunity to test their wider electoral strength.

For the Labour Party, Greenwich is a seat which it must retain in order to remain credible as the party of alternative government. An inner-city constituency graced with the legacies of great architects such as Wren and Hawksmoor, its landscape is now blotted with run-down housing estates and the local economy shoulders an unemployment rate of over 12 per cent.

The electorate has been traditionally faithful to Labour even although the margin of support was drastically reduced in 1983.

The first indication of how the political tide is running emerged last weekend in an Observer/Harris Poll which gave Labour – yet to choose its candidate – an overwhelming lead over the Conservatives, attracting 60 per cent support against 25 per cent for the Tories. The SDP/Liberal alliance was in third place with 15 per cent.

The figures will clearly prove immensely encouraging to Labour, but the contest, which will be hard-fought, has not yet even begun. When it gets underway, poor housing and unemployment will rank high among local campaign issues.

Large numbers of constituents live on ageing council estates, many of which became the direct responsibility of Greenwich when the Greater London Council was abolished. They now require expensive and urgent improvement, which the council claims are impossible because of government cuts.

The decline of local manufacturing in a borough which once sustained a wide range of Thamesside industries will also figure in the campaign. Most recently, the council has been fighting to prevent the proposed closure of the local Ford Motor Company parts plant, which employs about 300 people and which is regarded as the last local manufacturing plant of any significance.

The council has been at the forefront of the political campaign against government ratecapping measures designed to restrict high-spending local authorities.

It has mounted a High Court challenge to the Department of the Environment's rate-capping policy and to the legality of the department's proposal – arising from recently-admitted errors in cash distribution – to cut £3.8m from the council's rate support grant. Rates are local property taxes, which are supplemented by central government.

There will inevitably be attempts by Labour's opponents to place high-spending Greenwich in the same "Loony Left" mould as other left-wing dominated councils, which the Conservatives in particular intend to make a national election issue.

But the task is unlikely to be as easy as in some of London's more obviously extremist, Labour-controlled boroughs. In last year's local elections Labour increased its representation, taking 44 seats, with 12 going to the Tories and six to the Alliance.

Critical to Labour's chances of rebutting any accusations of extremism – and of winning the seat – will be the selection of a candidate and Labour's national leadership has already forcibly impressed upon Greenwich the need to pick a candidate with the widest possible appeal.

With Labour wanting a quick contest, the choice is expected to be made on January 31, leaving around one month for the campaign. The precise date will be fixed after consultation with the Liberal parliamentary managers, aimed at holding the poll on the same day as the by-election, in Truro, Cornwall, caused by the death in a road crash of the sitting Liberal MP, Mr David Penhaligon.

Among the hopefuls for Labour nomination are Mr Richard Balfe, the Euro-MP, Ms Deidre Wood, a hard-left member of the Inner London Education Authority and Ms Glenys Thornton, political secretary of the Royal Arsenal Co-Operative Society.

The constituency's close proximity to Westminster and the high stakes involved mean that Labour intends to swamp Greenwich with a succession of leading spokesmen and women. Anything less than a comfortable win for a party which, in order to win power, will have to capture large numbers of new seats rather than merely consolidate its hold on existing ones, will be potentially disastrous.

Both Conservatives and SDP will also be counting on support from the growing number of middle-class voters, many of them with jobs nearby in the City of London, who are moving into the borough and who have helped push up the local level of owner occupation from just over 30 per cent in 1983 to an estimated 45 per cent.

An unlikely Conservative victory could prove instrumental in encouraging Mrs Margaret Thatcher, the Prime Minister – uncharacteristically hesitant when it comes to pushing the election button – to go for an earlier, rather than a later national poll. The margin of any Labour win will also be carefully analysed.

The SDP, which is desperate for hard, electoral evidence that the fortunes of the Alliance are again on the upturn, is hoping that disenchantment with the local Labour administration and with the Tory government nationally could enable it to win another famous victory.

The odds in what will be an intensely fought campaign remain firmly in Labour's favour. Whatever the outcome, the voters of Greenwich could be helping to decide much more than the identity of an MP destined to be one of the present parliament's shortest-serving members.

1983 Result: N. G. Barnett (Lab) 13,361; A. Rolfe (Con) 12,150; T. Ford (SDP) 8,783.

UK NEWS

Ford urges rethink on reform of component licences

BY JOHN GRIFFITHS

FORD, whose policies towards the vehicle replacement body panels market were held by a Monopolies and Mergers Commission report to be against consumers' interests, is calling for changes to the Government's white paper (policy document) on copyright and other intellectual property rights reforms.

The company supports most of the white paper's proposals, but it has serious reservations about those which would require vehicle makers to grant body panel copying licences, as a matter of right, to independent companies, according to Mr Derek Dawes, director of Ford's parts sales.

Ford has similar reservations about proposals affecting the copying by independent companies of functioning parts, such as clutches and brakes, said Mr Dawes.

Ford triggered an inquiry into the estimated £1.5bn-a-year UK replacement vehicle parts market, first by the Office of Fair Trading, then by the Monopolies Commission when it decided several years ago to sue about 12 companies making or supplying unauthorised body panels to fit Ford cars.

It did so because it believed copyright and design registration protected its body panels from unauthorised copying for 15 years. It also refused to grant licences on the grounds that Ford needed 15 years' protection from copying in order to cover its investment.

A 200-page Commission report concluded that Ford was within its legal rights both to sue and refuse licences – but added that the consumer was disadvantaged and that the law should be changed to allow more competition by reducing intellectual property rights protection periods.

In the meantime, it said, Ford should undertake voluntarily to grant licences after a reduced period of time.

Ford has now given such an undertaking to the Office of Fair Trading. This is despite the fact that a House of Lords decision last year in a case between BL and component maker Armstrong effectively removed copyright protection from functional replacement parts, and that the intended reforms make the undertaking "inappropriate and obsolete," said Mr Dawes.

Ford's undertaking is to grant licences at a royalty of 2 per cent after seven years, instead of 15.

"We made it clear to the Government that seven years was not long enough, in our view, to recover our investment costs," Mr Dawes said. Nevertheless, he claimed, Ford's action opened up 70 per cent of yearly Ford body panel business to the independents.

The white paper proposal is for a 10-year protection period for "styled" parts, embracing body panels, but with licenses of right to be available after five years. But apart from 10 years of full protection being "the absolute minimum" Ford needed to recover its investment costs, said Mr Dawes.

Laboratory cultivates taste for dates

BY DAVID FISHLOCK, SCIENCE EDITOR

ORDERS FOR more than 15,000 date palm seedlings worth about £25 each have been won by a laboratory in Somerset, in the west of England. Their destinations are countries where the date is a staple of diet.

Twyford Plant Laboratories, near Glastonbury, a biotechnology research company specialising in plant tissue culture, believes it has perfected a technique for culturing "elite" lines of date. These lines have the flavour and crispness specially prized where date is a staple, particularly in the Middle East.

Twyford estimates the world inventory of date palms at about 100m, of which 5 to 8 per cent must be renewed annually because of age and disease. This represents a market worth more than £50m, the company says.

But its pioneering activities in commercial propagation of robust seedlings, hardy enough to travel, have kindled wider interest among hot, dry countries which previously have not cultivated dates.

The seedlings are cultivated by micro-propagation, starting with a shoot tip from a healthy palm, which Twyford incubates in a tightly controlled laboratory environment, free from risk of infection. Further developments of micro-propagation could raise the value of seedlings substantially, by tailoring the fruit more closely to local demand.

Twyford, started by Guinness, the drinks group, but owned by US venture capital companies since 1981, claims to be the biggest tissue culture laboratory in the world. Dr Ziad Barazi, managing director of Date Palm Developments, its subsidiary specialising in this market, said its main orders had come from Kuwait (10,000 seedlings), the United Arab Emirates and Oman.

He plans to ship several thousand seeding next month and also has trials proceeding on seedlings sent to Australia, Brazil, Iran and Spain this year. In Abu Dhabi, where the company sent a few seedlings as long ago as 1983, the palms now stand over 7ft tall.

The company is talking to Cyprus, the Gulf States, Saudi Arabia and Turkey about the possibilities of transferring Twyford technology and management skills from Somerset to new plant tissue culture centres, as joint ventures with local interests.

Dr Barazi says technology transfer could ease the chief commercial restraint on his company, namely its production capacity. But date tissue culture is tricky, requiring both experience and laboratory support.

He says Twyford can expand production in the next two years to about 100,000 seedlings a year.

Scots electronics group wins Vancouver listing

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

A SCOTTISH electronics company which began production only in October has obtained a listing on the Vancouver Stock Exchange.

Glentronic International, whose Scottish-registered subsidiary Glentronic manufactures electronic equipment for use with electric motors, last week issued 1m shares on the Vancouver market at a par value of C$1.25 (62p) each.

The company chose Vancouver because it specialises in venture capital issues and its placement was fully subscribed. Glentronic is believed to be the first Scottish company to be listed in Vancouver.

Glentronic makes a device named Glenphase, which can alternate a three-phase electrical supply and a single-phase one. Other products enable users to avoid a surge of power when starting up electric motors and provide variable control of electric motor speeds.

With a small plant at Livingston, West Lothian, units made by Glenphase should prove attractive to businesses such as farms that are unable to use many types of electric motor because their power supply is wrongly phased.

FINANCIAL TIMES SURVEY

Tuesday January 13 1987

UK Conferences and Exhibitions

The conference and exhibition business remains buoyant but the trend is towards smaller specialised markets

Better marketing of targets

By David Churchill

EXHIBITIONS AND conferences have come of age as a marketing tool in the UK. They are increasingly being used by companies—both from the UK and overseas—as an important part of a marketing communications programme to get their various messages across.

Moreover, the conference and exhibition industries are responding to this new awareness by increasing their professionalism in meeting the needs of company clients although there are still a number of areas in which conference and exhibition organisers could do better.

The size of the exhibition and conference industries is difficult to determine exactly because it covers not only direct expenditure on conferences and exhibitions but also indirect spending on hotels, restaurants and travel.

The exhibition industry in particular is "extremely buoyant" at present, according to Mr Evan Steadman, from the Association of Exhibition Organisers. "The statistics show, for example, that more money (£192m) was spent by UK companies on exhibitions than was spent on trade and technical advertising last year."

Expenditure on conferences is less precise, simply because the nature of the industry cannot hope to encompass all the hundreds of small conferences and seminars held every day. Even so, some estimates suggest that about £900m was spent on conferences in the UK last year, with much of that revenue coming from abroad.

Some indication of the scale of the conference and exhibition industries can be seen from the International Confex Exhibition which starts tomorrow and runs until Friday at the Business Design Centre at Islington in North London.

This is Europe's largest exhibition of venues, travel incentive destinations, and related services. Ms Lorraine Hall, the Confex director reports that there is a record number of 270 exhibitors at Confex and some 4,000 trade delegates are expected to attend. "This shows how important companies now consider the exhibition and conference businesses in the mid-1980s," she says.

The industries' optimism was not unduly dented last year by the slump in North American visitors to the UK, caused by fears of terrorist reprisals in Europe. Mr John Burt, the convention bureau director at the London Visitor and Conference Bureau, points out that there was only "a marginal impact on the London conference business."

Those Americans who stayed away, it seems, were the package tourists while US businessmen were less easily frightened off.

The importance of overseas conference and exhibition visitors is reflected in the fact that they spend on average about two and a half times more than the typical tourist while in this country. About 30 per cent of the expenditure in the UK by American conference delegates, moreover, goes into the retail sector.

The foreign earnings from UK conferences and exhibitions has come in spite of criticisms that London, in particular, lacks the conference and exhibition facilities available in most other major north European cities. In addition, critics suggest that some London venues do not offer value for money for the costs incurred.

Such criticisms, however, are being taken seriously by the conference and exhibitions industry in London. The new Queen Elizabeth II conference centre in Westminster, has provided an up-to-date conference venue in the heart of the capital.

Earls Court and Olympia has not only spent over £25m on improved facilities since 1980 but also has plans for a new £35m exhibition hall to be built by 1990. Later this year sees the opening of its Olympia 2 conference centre.

Other new developments also scheduled are improved facilities at Wembley later this month while next year sees the opening of a new conference and exhibition centre at Alexandra Palace in North London. The National Exhibition Centre outside Birmingham also has plans for major expansion over the next few years.

What these developments reflect, however, is the trend towards medium and small scale conferences and exhibitions aimed at more specialist markets. The conference sector particularly is moving towards increasing targetting of audiences and is attracting a new breed of conference organisers.

"So useful are seminars and small conferences that we are putting on more and more of our own," points out Ms Victoria Tomlinson, a marketing manager with the Arthur Young accountancy and management consultancy firm. "It is an excellent way to provide a service to our clients on, for instance, the range of new legislation in financial areas."

"Business presentations are an important area of corporate communications such as sales conferences, product launches and press conferences," points out Ms Wendy Griffiths, a communications consultant. "Instinctively businessmen opt for live presentations because they know that personal communication works."

Not surprisingly, the exhibitions and conference sectors in the UK are fragmented with numerous small operators. For example, there are over 600, mainly small, exhibition organisers but with most major exhibitions organised by just 20 or so companies.

A recent survey by the British Exhibition Venues Association of exhibition organisers found that London is still the preferred location for trade or industrial exhibitions. However, there was no particular geographical preference for exhibitions open to the public.

Most grouses from organisers were about catering and the lack of adequate car-parking facilities but these opinions were only expressed by a minority. Mr David O'Beirne, managing director of the Cahners Exposition Group (a subsidiary of Reed International) points out that "the traditional image of exhibition organisers as 'hit and run' merchants is changing and the shows of those who earned this reputation are dying."

He believes that "there is a lot of competition in the industry now and a shake-out is taking place; but exhibitors are increasingly demanding effective promotion and a professional approach and the industry at last seems to be reaching some kind of maturity."

That maturity is also reflected by the fact that the major exhibition organisers are even now making plans for a new "Great Exhibition" to be held in 2001, probably in London's docklands. The last Great Exhibition was in 1851.

This dinosaur with its youthful admirer was part of an exhibition at London's Natural History Museum

No business like industrial theatre

AN ELEMENT of show business is being used increasingly in staging conferences and exhibitions and the demand for back up services specialising in the presentation of audio-visual, laser and sound stagings is providing a lucrative market for many companies.

The dinosaur in the picture was borrowed from Spitting Image and the model was made to move, wink and blink by animatronics, a technology comparatively new in the UK. The work was carried out by Kimpton Walker, a theatre, film and TV scenery company which constructed stage sets for shows such as Time, Cats and Starlight Express.

Some of the sophisticated high-tech resources now available are a far cry from the days when big exhibitions like the motor show or boat show relied on a few scantily-clad showgirls for the launch of a new product. Today's launch is designed to deliver a message as well as being eye-catching. "What our clients want today is something a little bit different," says Mr Charles Kimpton, director.

Among the giants in this field of industrial theatre, is Caribiner, a US group with an autonomous UK subsidiary which carries out work in Europe and part of Asia not covered from the US. "In Europe, Britain is in the forefront of industrial theatre," says Ms Jane Wyckham, who handles marketing for Caribiner, "and the export potential is considerable."

At the moment the company is working in Scandinavia and France and is participating in a seven-country teleconference link up in Hawaii for the Sheraton Skyline Group. Looking to the future she says that among the "hot buttons" for development is the use of teleconferencing. "It means a big saving in time," she says, "when executives can participate in a conference without actually attending."

She thought another important element was that it cut down on the risk of terrorist activities which was an important consideration for big multinational companies.

The growing importance of safety needs was confirmed by the Purchasepower Group, one of the biggest UK operators in the conference services field. The growth of business has led the group to form five divisions and Mr Gerry Breislin of the production division said that companies were wanting a conference package to be arranged for them from deciding the venue, planning the conference, down to sending out the invitations.

As well as the growth in conference and marketing activities the Big Bang had brought a demand for audio visual presentations from the banking and financial sector. "Our growth tends to follow the growth industries," he said.

Mr Bob Anger, an independent audio visual producer has seen big advances in the range of services provided during the past five years. "The trend today," he says, "is towards an intermix, using different media—films, slides, video and graphics

The increase in the number of companies in the field is confirmed by Ms Lorraine Hall, director of the International Confex Exhibition. One of the exhibitors this year will be the London Hippodrome, which will be putting on a laser show as part of showing its attractions as a conference venue. TrustHouse Forte was one of the major hotel groups which had responded to clients' needs for more sophisticated equipment such as audio visual and autocue systems, she says.

Conference Care, the Bedford-based company which specialises in organising conferences and exhibitions, recently carried out a study which showed that event organisers were wanting to make use of more sophisticated high-tech equipment in rooms and venues used for their events.

Mr David Seekings, managing director, said that the study showed that only the top class conference hotels were as yet responding. Conference Care recently took over Top Venue Guide and a new edition will feature a unique new grading for every conference facility in the guide.

But there are dangers in over-reliance on these new high-tech services, belives Andrea Foote & Associates, specialists in business communications. Ms Foote has been a pioneer in the use of video techniques in conferences but she feels that business presentations have recently become increasingly dominated by technology and showmanship.

"All too often, the laser beams can actually get in the way of the message which should be being communicated," she says. She feels that it is necessary to rediscover the theme of the presentation.

Nevertheless, the growth in this services sector is a useful addition to the export market.

Recently, Kimpton Walker designed sets which could be put into containers and flown to the US and used at a series of conferences by companies like British Gas seeking to attract American finance.

Arthur Dawson

In the Regions

More towns jump on the bandwagon

ACCORDING TO Mr Lloyd MacLean, director of the British Association of Conference Towns, every town likes to be a conference town and an increasing number are jumping on the bandwagon. It is an accepted fact that a number of centres do not make money — they lose it. They are seen by local authorities as a way of attracting business and tourism.

Nevertheless, Mr David Chance, manager of the new Cambridge Corn Exchange, which opened last month, has vowed to break even by the end of 1990. He foresees no difficulty in attracting custom. Cambridge, in his view, is unique and has no direct competitors.

The Corn Exchange, a robust Victorian building right in the middle of Cambridge has been refurbished to the tune of £3m. It attracted the largest House of the Arts grant from the Arts Council — £250,000 — and £100,000 from the English Tourist Board for its potential for conferences.

The building's main hall provides seating for 1,450. This retracts to make way for over 4,000 square feet of exhibition space.

A proposal for a covered way from the Corn Exchange to the university's museum site is under discussion. This would give quick access to a range of further rooms and lecture halls.

Any development in Cambridge is bound to have links with the university but the City Council envisages a wide span of users — not purely academics. The new high tech industries on the perimeters of the city could well generate business.

Universities, keen to put their facilities to good use, represent excellent value for those happy to forgo some of the polish of purpose-built conference and exhibition centres. Manchester University, for example, will provide a hall, seating 800 for £225 for an eight hour day. For comparison, the Cambridge Corn Exchange's main hall costs £800.

Moving to the other end of the scale, the privately-owned and classy Anugraha conference centre on the edge of Windsor Great Park charges £2,175 a day for its Great Hall which seats a maximum of 800 people and is equipped with the latest audio visual technology.

Undoubtedly, the best-known regional conference and exhibition centres, with the exception of the National Exhibition Centre, Birmingham, are ranged along the south coast — Eastbourne, Brighton, Bournemouth. They boast good hotels, pleasant surroundings, sea air and an easy journey from London. All are under one and a half hours by rail.

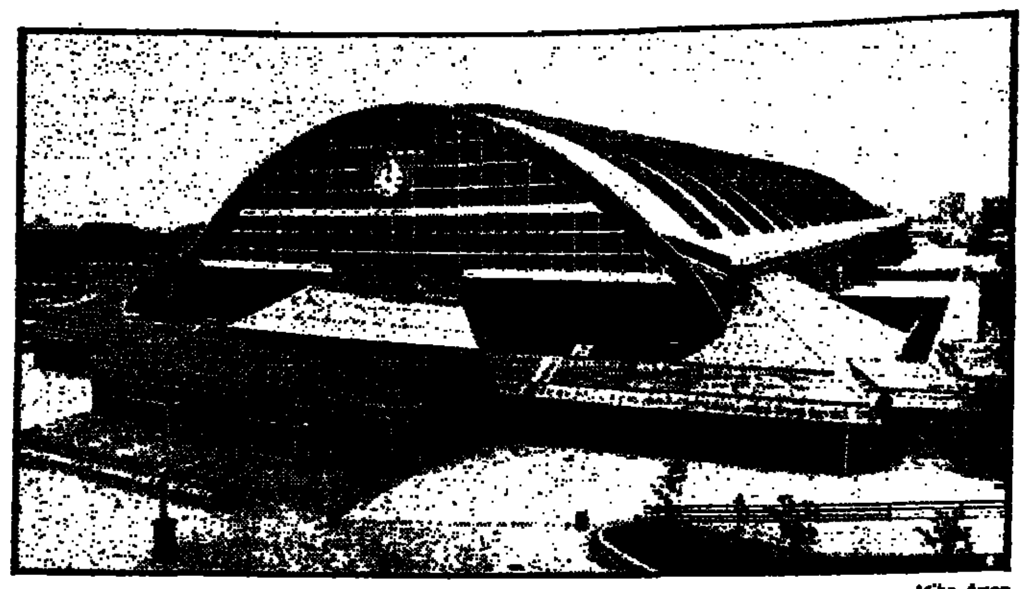
A new contender is the English Riviera Centre in Torquay, which will open in May. ERIC, as it cheerfully calls itself, combines conference and exhibition facilities with a leisure centre, including a fun pool with waves. Some conference organisers are uneasy about this blend.

The centre's management, however, is adamant that conference delegates will not have to fight their way through hordes of toddlers and holiday makers. They may even want to take advantage of the leisure facilities themselves.

ERIC's main conference hall offers a maximum capacity of 1,500 seats. The design responds to the growing need for a flexible organisation of space. Four further meeting rooms allow for meetings of between 48 and 240 people. Already over 90 bookings for the centre have been taken. Torquay offers 10,000 beds within a one-mile radius of the centre.

Moving north, G-MEX—an acronym for the Greater Manchester Exhibition Centre —is perhaps the most architecturally exciting of the newer venues. G-MEX represents new life and a total face lift for Manchester's Victorian Central Station, and cost £20m.

The last train—the 11 pm to Warrington—chugged out of the building in 1969 and was followed by a series of speculative property deals, until 1978 when Greater Manchester Council stepped in. The transformation entailed a joint venture between GMC and Commercial Union Properties, backed by grants by the Government and the EEC.



Mike Arron

Manchester's defunct Central station was given a new life as the Greater Manchester Exhibition Centre

Apart from the obvious appeal of elegant pink and white brickwork, wrought iron curlicues and the original station clock, G-MEX offers a substantial exhibition space in the heart of the city. The Central Hall is 7,755 square metres and the Trafford Hall 2,800 square metres.

G-MEX has not been designed specifically as a conference centre but could, say its promoters, comfortably seat 5,000. More modest meetings—perhaps associated with an exhibition—can be staged in the nearby Free Trade Hall which is itself due to be extended. The famous Midland Hotel, recently refurbished, stands 50 yards from the entrance to G-MEX. There are 1,000 hotel beds in the city and 2,400 within four miles.

The Scottish Exhibition and Conference Centre, which opened in August 1985, is part and parcel of the drive to generate business energy into Glasgow. The development of the derelict Queen's Dock into a 64-acre complex of five interlinked halls represented a £36m investment, split three ways between regional councils, the Scottish Development Agency and the private sector.

The SECC's main hall will seat up to 2,000 people. The five halls together provide 19,000 square metres of exhibition space, with a further 2,000 square metres in the open air. On-site banking, car hire, travel and accommodation bureaux and shopping make up the infrastructure essential to a centre of international proportions.

Bookings have been taken for conferences of 1,750 delegates. A business consortium, led by Sir David Roche, is planning to construct a luxury 300-bed hotel on the site, due to be open by 1989. It will be operated by Forum Hotels International.

Edinburgh too has plans. Its multi-million pound conference centre, again funded three ways by regional authorities, the SDA and private enterprise, is scheduled to open in 1990. The programme is now in its second phase with a short-list of three developers, drawing up detailed plans on the basis of a main hall seating 1,200 and additional halls for 600, 300 and 200 people.

The building will make use of an empty site beneath the castle and make up the fourth side of Festival Square. Edinburgh City Council sees the centre attracting overseas clients, particularly from the US now that US tax regulations allow the costs of offshore conferences as tax deductible expenses.

Birmingham's £120m planned City Centre Conference Complex is due to open by 1991. It will have a maximum conference capacity of 3,500 but its predominant use will be for meetings of about 1,000.

Other important facilities developed over recent years include the St David's Centre in Cardiff.

Among the smaller venues, Aberdeen Exhibition and Conference Centre which opened a month after the SECC, has obvious links with Scotland's offshore industries but is run as a multi-purpose centre. Its focal point is a glass prism-shaped Trade Centre housing the reception area and seminar suite. This connects to two halls, providing 8,000 and 1,500 square metres of exhibition space.

Two separate conference halls have raked seating for 300 people and level seating for 150. The present buildings represent the first stage of a continuing programme. An office block is due to be built as the next phase, followed by a hotel making a compact, self-sufficient-complex.

Better communication networks are making venues, located well away from large cities increasingly attractive. Folkestone's Leas Cliff Hall has recently benefited from £2m of refurbishment and there are 2,500 hotel beds within walking distance. Determined not to be bettered by grander competitors, Shepway District Council's promotional brochure entices potential clients with the information that the Duke of Wellington held a meeting at Folkestone—to plan his defence against the Napoleonic invasion. But it modestly refrains from pointing out that that particular conference proved a splendid success.

Alexandra Buxton

London and the NEC

Reassessing the future

LONDON SAW a number of new developments last year, prompted partly by international competition and partly by the success of the National Exhibition Centre in Birmingham. Much still needs to be done in catering, car-parking and the overall treatment of visitors, but progress is underway.

The highlight was the opening of the Queen Elizabeth II (QE2) conference centre in Westminster. The £44m government development suffers none of the disadvantages of its older competitors where facilities, in some cases decades old, are deteriorating and where exhibition space has often been expanded in a haphazard fashion, resulting in a maze-like complexity.

Flexibility was the keynote in the design of the QE2, says the management, and the result is a building with accommodation varying in size from the 1,200 seater main hall to smaller "break-out" rooms. This complements the trend in the industry away from vast shows to more specialist events. As Malcolm Snell of the QE2 Marketing Department says "All indications are that conferences are tending to be smaller and the QE2 is ideally placed to meet the demand."

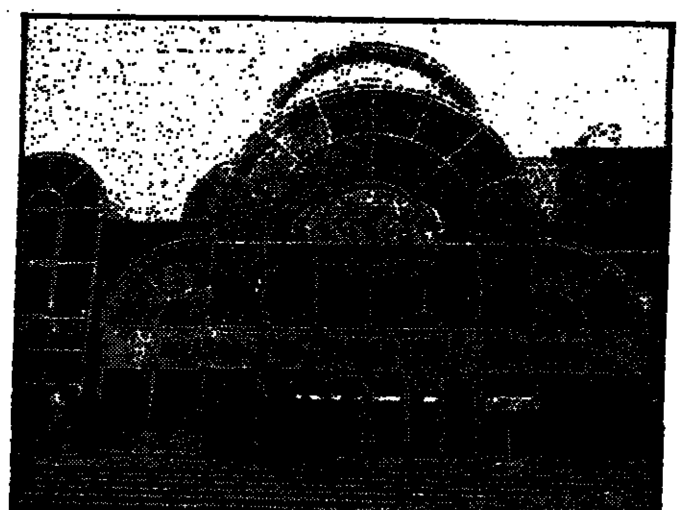
The formula of offering the best of British—British works of art and crafts, stylish textiles and carpets, food by Leiths and a prime location overlooking Westminster Abbey—is working. Business is brisk with bookings into the 1990s, the greater proportion coming from private companies rather than government sponsored events. The one bugbear is the ubiquitous security which makes access for even the ordinary visitor akin to boarding an El Al plane.

At Earls Court & Olympia, the wholly owned subsidiary of P & O, plans to build a £35m exhibition hall (due for completion in 1990) were unveiled. Next September a purpose-built conference centre in Olympia 2 will open. John Glanfield, Olympia's commercial director, says that many companies find it hard to make the quantum leap from a banqueting suite to a major venue and Olympia 2 provides the stepping stone.

With one in three of Olympia's exhibitions staging a parallel conference, there is a growing market for such flexible usage options.

Like other venue directors, John Glanfield is acutely aware of a more demanding clientele whose requirements for events such as product launches are increasingly sophisticated "They are looking for plusher, more theatrical venues," he says.

Wembley has also joined the move towards a more upmarket image. On January 24, it opens its new £5½m building. David Griffiths, Wembley General Manager, claims the "Grand Hall" brings exhibitions "out of the concrete sheds of the past into the comfort of the 20th century." He admits that Wembley was inspired to expand by the success of the NEC and says they have aimed to create the ambience of a West End theatre to provide a suitable venue for events ranging from concerts to specialist conferences.



Exterior of the £11m Business Design Centre, Islington

In the City, adjacent to a real theatre, the Barbican Centre is making adjustments of its own. During the 1985-86 financial year, the number of events attracting fewer than 250 delegates rose by 22 per cent over bookings for 1983-84. Much of this small meetings business is a spin off from Big Bang. The centre has also seen a decline in hi-tech conferences which are being overtaken by gatherings of professional people such as lawyers and architects.

In North London, phoenix-like out of the ashes of the old Alexandra Palace, a £35m conference and exhibition centre scheduled to open in January 1988, is emerging. Louis Bizat, general manager, took the opportunity of starting from scratch to take a long-term marketing view. "We realised when we first looked at the exhibition business that the large centres are a thing of the past: the future is in smaller exhibitions with more flexible space. We redesigned the Palace accordingly," he says.

Despite a potential location problem in the further reaches of North London, Ally Pally is braced for success with 1988 already fully booked and 1989 and 1990 on the way to selling out.

The new dynamism abroad in the London venues is reflected in the formation of the London Exhibition Venues Association (LEVA). The group, composed of six major venues, was formed to discuss common difficulties and to attract international visitors to the capital. To date they have produced a 1987 calendar of London conferences which is being promoted through the British Tourist Authority, British Airways and major hotels.

While London has been improving to catch up, the NEC has not stood still. Bouncing back from the disappointment of losing the Olympic Games to Barcelona, the UK's largest venue has plans to double its size. By January 1989 20 per cent of that target will have been achieved. The £35m investment is a response that will enable it to stay competitive with its European counterparts.

For many exhibition organisers the NEC remains a paradigm of what London should be aiming for: excellent support facilities, high-quality fittings and service.

Allison Lobbett

Travel

Short-term trips are favoured by companies

TRAVEL IS a key motivator for many business people and so it is hardly surprising that the location of a conference can be a crucial factor in determining its success or otherwise.

A cruise round the Caribbean comprising sales managers or important clients is obviously more enticing than holding a similar meeting in the company canteen.

Moreover, many companies offer conference travel not only as a motivator but also because it creates a captive audience free from the distractions of the office environment.

Conference organisers are also well aware that holding a conference in a major city such as London or Paris is also attractive to those business people keen to enjoy the occasional break from the office routine at the company's expense in a top-class hotel.

The exact size of the conference travel market is hard to estimate since there are various interpretations over what should and should not be included. However, the amount spent by companies on conference and incentive travel was estimated to be about £200m in 1985, up by about a quarter over the 1984 level.

Some market studies, moreover, suggest that about a third of the top 1,000 British companies have used conference and incentive travel, mainly as a means of motivating staff.

The range of conference and incentive travel users covers holidays "earned" by individuals as a result of a voucher or points scheme operated by commercial operators, through to a conference away from the office for all executives or staff irrespective or achievement.

In between are standard package tours bought from a tour operator for employees, through to tailor-made conference trips.

Allied Dunbar, the financial services company, has bought two special Caribbean cruises on one of the Royal Viking Line ships this spring.

The 12-day charter of the Royal Viking Sea, costing £1m, is for 1,400 of Allied Dunbar's top financial management consultants and directors and is seen by the company as a major component of its sales and marketing strategy.

About 30 different cruise ships were considered before the Royal Viking Line was chosen. "The ship chosen means that every delegate has a sea-view cabin and there's none of that nonsense about two sittings for dinner or two sittings for the cabaret," points out Mr Patrick Purdon, Allied Dunbar's conventions and promotions manager.

Allied Dunbar is not the only financial services company attracted by cruising. Last year, for example, Abbey Life chartered P & O's Sea Princess for a 10-day Greek island cruise for 500 salesmen.

Princess Cruises, which received about £2m from such floating conferences last year, has also been used to host events for the Imperial Group, Toyota, Hoover and Lederle hair care products.

Small companies as well as large are increasingly making use of cruise liners for conferences. "We are not only interested in larger groups of 300 or more but willingly handle much smaller groups or, in fact, individual incentives," points out Ms Jennifer Brown from the Royal Caribbean cruise line.

But a typical Royal Caribbean conference package was for a medium-sized food manufacturing company which offered a seven-day Caribbean cruise for some of the company's dealers. The cruise was announced at the annual dealer function with a full-scale programme about the ship and its destinations.

The key factors influencing the choice of a conference travel destination appear to be the hotel facilities, price, and the time taken to reach the destination.

Short-haul destinations in Europe are still the favourite, accounting for about eight out of every ten conference or incentive trips. Paris remains the most popular destination.

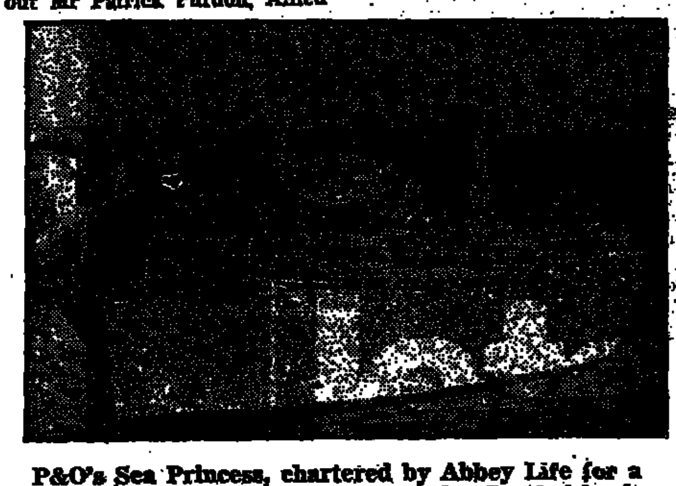
Companies that plan to stage their conference away from the office should plan well in advance and think through all the implications of the trip.

Cost can be a significant factor with a short-haul trip costing an average of £800 per person while a long-haul trip can cost three times as much. It may be better to plump for the less exotic destination but to include all the trimmings.

One often overlooked factor is the possible tax implications of the trip. In theory, everything an individual receives as a result of employment is liable for UK taxation and a trip to Paris or Spain—even if a few conference meetings are thrown in—does not reduce that tax liability.

The Inland Revenue, however, is well aware that taking senior executives to a country hotel or European capital may well be a legitimate business expense if business really is being discussed. If in doubt, the Revenue has set up a special unit to help with advice.

David Churchill



P&O's Sea Princess, chartered by Abbey Life for a 10-day conference cruise around the Greek islands for salesmen

The new reflects the old: the new conference complex at Castle Ashby, Northamptonshire, is linked by a covered glass way to the 16th century ancestral home of the Marquess of Northampton and contains a high-tech conference/presentation area for 400 delegates. Accommodation is available in guest rooms

Hotels

Welcome mat for boardrooms

THE VAGARIES of the international tourist markets — especially the slump in US visitors to Britain over the past 12 months—has made Britain's hotel groups even more aware of the importance of the business market.

Not only do business travellers provide a more steady source of income than fickle tourists but conferences and exhibitions can generate considerable extra revenue. "The revenue gained from a conference will usually exceed that from letting the Presidential Suite," points out Ms Jane Rigby, from the conference production company Commercial Presentations.

But this simple fact is not always appreciated. "How many conference organisers receive the same treatment as the person occupying the most expensive room in the property?" queries Ms Rigby.

"Reception staff, porters, catering staff and everyone within the hotel should be taught that conferences are important," she adds. "They need to understand why a conference organisers cannot wait half an hour for ashtrays to be cleaned or coffee cups set out."

What establishes a good conference hotel is little different from that which marks out the good hotels of any type. If it is a good hotel, then organisers and conference delegates will want to go back and that reputation will spread.

The signs of a good conference hotel include close liaison between various hotel departments such as banqueting and room service. The conference organisers should not have to deal with demarcation disputes between departments and should only have to deal with one hotel employee specifically delegated to handle liaison between the conference organisers and the hotel staff.

Another small sign of a good conference hotel is the provision of an office that can be used by the conference organisers—instead of a hotel bedroom — and flexible meal arrangements for the organisers.

As large conference halls within hotels tend to be located close to the kitchens, it is very important that the behind-the-scenes staff are told the importance of keeping noise to a minimum. Many a conference speech has been ruined by the clatter from the kitchens.

Another less obvious factor is internal hotel directions. Delegates should not be left wandering corridors in search of meeting rooms which are badly sign-posted. Similarly, a good sign is if the hotel management ask if you want your conference to be mentioned on a bulletin board near the entrance. In most cases, companies will want people to know where the meeting is taking place but there are circumstances where discretion is preferred.

While large conferences provide much of the business for the leading hotel chains, there has been a trend in recent years for smaller conferences or meetings of executives to be held in hotels.

Thistle Hotels, which is owned by Scottish and Newcastle Breweries, has moved to capitalise on this trend by setting up "private sanctuaries" within 14 of its major hotels for executives to hold special meetings.

These facilities, termed "Boardroom" by Thistle, have been designed to keep in with the architecture of the hotel and are planned to accommodate groups of between 15 and 20 people.

The minimum standard of the "Boardroom" facility comprises a polished wood table, matching upholstered chairs, sound profing, temperature control, plus a range of visual aid equipment. Prices are quoted on an individual basis, depending on the time the room is used for and what extra facilities are required.

Recent users of the Boardroom facilities at the Royal Horseguards Thistle Hotel in London's Whitehall, included a government lunch for Mr Weinberger, the US Defence Secretary. Later in the afternoon the room was used for a high-level meeting involving Mr Weinberger.

At The Barnton hotel in Edinburgh, management have sought to maintain the exclusivity of the "Boardroom" facility to the extent that a request to hold a "stag show" was refused.

Thistle is not alone in seeking to capture this luxury end of the hotel conference market. The Pride of Britain consortium of 16 country house hotels last summer launched its Exclusive Boardrooms service. This differs from Thistle's operation in that it offers exclusive use by the conference organiser of the entire hotel.

A typical Exclusive Boardroom facility is offered at Congham Hall, six miles from King's Lynn. The Hall is a 11-bedroom Georgian mansion which can sleep 21 and dine up to 40.

The Ladbroke Hotel group is also wooing the specialist conference customer by restructuring conference suites to suit clients' needs. Some 20 Ladbroke hotels now operate this customised training suites scheme, which is called Spectra Suites.

Ladbroke also recently launched the "conference link service" which offers a centralised information and reservation system to companies setting up conferences.

Another developing trend in the conference industry is the popularity of staging meetings in unusual or historic properties. "There is a huge variety of heritage properties available," points out Ms Jan Curd, director of Heritage Placements which represents stately homes and historic houses.

"They can provide the backcloth for virtually any communication occasion—exclusive house parties for top clients, product launches, special promotions, board-level think tanks, gala dinners, as well as conferences and exhibitions."

The Duke and Duchess of Rutland, for example, make available Belvoir Castle, a Regency-Gothic house near Grantham. Apart from the rooms available, the largest of which can house 220 delegates, a mediaeval joust can be organised exclusively for conferences!

David Churchill

EGYPTIAN INDUSTRY

Tony Walker examines the reasons for the perilous state of manufacturing

Cairo's inertia blamed for economic woes

MR ADEL GAZARIN, chairman of the Federation of Egyptian Industries, umbrella organisation for the public and private sectors, chose his words carefully when describing his country's economy. "Some industries are in crisis," he said, "others are not."

Circumstances were particularly severe in the engineering sector, squeezed by shortages of foreign exchange to buy raw materials and spare parts. Other chronic problems in Egyptian industry, such as overmanning and poor standard middle-level management, were also weighing heavily on the manufacturing sector.

Mr Gazarin estimated that in some cases industry was operating at 30 per cent capacity due to lack of foreign exchange, deep recession and low productivity from poorly paid workers who lacked enthusiasm and incentives.

Egyptian economists and management consultants blamed government inertia for the parlous state of industry, which has had a steadily declining share of gross domestic product (GDP) since the early 1960s, even though the private sector has grown from 4 per cent of total industrial investment in 1973 to 24 per cent in 1981-82. The private sector's share in the value of industrial output has been lifted from 17 per cent to 32 per cent in the same period.

Mr Gazarin said problems were particularly severe in public sector companies, which accounted for 70 per cent of industrial output. He said managers were constrained by rigid labour laws, had little say in the quota of foreign exchange allocated for a particular factory, and were affected by inflexible investment quotas decided by the ministries of planning and industry, and by inordinate interference by government regulatory authorities.

"The situation," Mr Gazarin said, "made managers hesitant. They had to think twice before making a decision. This made managers frustrated, so they fail."

The World Bank, in its latest report on the economy, painted a bleak picture of the state of manufacturing industry. It noted that, although Egypt had invested a "sizeable amount" of resources in the industrial sector, the return on this investment was low.

"Moreover," it added, "a diversified and efficient industrial base capable of competing effectively in the world market did not emerge."

The World Bank partly blamed incorrect investment decisions for the poor record in exporting industrial goods. New investment had been concentrated in metals and chemicals, rather than food processing and textiles, where Egypt had a comparative advantage.

"Pricing and trade policies (such as high levels of protection) have combined to promote the expansion of inefficient activities at the expense of efficient activities," the report says. "Pricing policy has also caused a substantial deterioration in the financial performance of public industrial enterprises."

The report added that "labour policies induced a gradual deterioration of the quality of the labour force in public industries, imposed additional constraints on the management's control by severely limiting their power to weed out inefficient labour performance," and that "general overstaffing contributed to the weakening of financial performance."

The El Nasr Automotive Company (Nasco), one of Egypt's biggest public sector concerns, with a workforce of about 13,000, was a clear example of many of the difficulties facing industry.

It was badly under-capitalised, critically short of the foreign exchange needed to sustain activities, squeezed on the prices it could charge for its products, and burdened by a larger-than-necessary workforce.

Mr Ezzedin Haikal, chairman of Nasco, said it was vital that the Finance Ministry increase capital from the present E£45m ($38m). Those familiar with the company estimated that it needed an injection of at least an additional E£20m to help sustain its activities.

Nasco has embarked on an expansion programme to make better use of its resources, and aimed by the end of 1992 to reach a turnover of E£800m. Turnover for 1985-86 was E£360m, which produced a "break-even" result for the company, an improvement on the late 1970s and early 1980s when it consistently made losses.

Mr Haikal said that apart from pricing constraints, Nasco was burdened by heavy borrowings. He said that extending activities would solve the overmanning but "this needs an injection of foreign exchange."

Nasco was luckier than many Egyptian public sector companies because it could sell some products on the domestic market for hard currency. Mr Haikal estimated that such sales accounted for 25 to 30 per cent of foreign exchange needs.

Nasco was also securing some imported components through barter deals with Eastern Europe—for instance cotton used in exchange for kits and components. The automotive manufacturer is negotiating with Yugoslavia's Zastava to import 10,000 small car kits.

Nasco, which devoted 40 per cent of production to passenger cars, was negotiating with General Motors of the US to assemble GM's Opel 1200 cc Corsa and 1600 cc Ascona models at its Helwan plant on the fringes of Cairo. If negotiations were successful, this would replace the present Fiat assembly line. The American company would be a 30 per cent partner in the venture, which would be known as the General Nasr Car Company (GNCC).

INDUSTRY IN THE EGYPTIAN ECONOMY (In percentages)

Share of total GDP (at factor cost)		
1960-61	1973	1981-82
20.1	18.7	14.2
Share of total commodity exports		
1960-61	1973	1981-82
20.9	31.4	10.0
Share of total employment		
1960-61	1973	1981-82
10.0	12.6	12.7

Source: World Bank

One attraction of the GM offer was the proposal that GM would attract several component feeder industries, which would service the main project, and also export to plants in Europe. Such exports would help generate foreign exchange to finance the Egyptian project.

The Nasco-GM project had run into some difficulties in the negotiating phase, but GM representatives were confident it would go ahead, although start-up may be delayed beyond the scheduled second-half of next year.

One of GM's concerns had been the indifferent standard of middle management in Egyptian public sector companies. Mr Haikal said the problem was recognised and that Nasco was taking steps to improve training and do something about incentives. Wages in public sector companies were low, which meant there was a constant drift of more talented managers to the better-paid private sector.

One of the problems in Egypt, said Mr Haikal, was that there had never been a systematic approach to management training. Nasco was trying to introduce a coherent approach to in-house training, he said, for all levels of management.

Mr Gazarin said that perhaps the most severe difficulty confronting management in both the public and private sectors was uncertainty.

He cited the continuing sharp depreciation in the value of the Egyptian pound from E£0.70 against the US dollar less than 10 years ago to E£1.95 today. There had also been continuous and sometimes confusing changes in laws and regulations governing tariffs, import and customs duties.

Many companies had embarked on a project on the basis of a feasibility study carried out according to prevailing circumstances only to find that the business environment had soon changed due to government interference, causing ventures to fail, said Mr Gazarin.

One of the great enemies of industry was price controls. Mr Gazarin cited the Schweppes project in Egypt which had been forced into near bankruptcy by controls.

Investors preferred to put their money where there was less risk, said Mr Gazarin, and resources had either gone into service industries or abroad. Mr Gazarin pointed out the difficulties caused by price controls from his own experience as chairman of Nasco from 1968-1983. Until the mid-1970s Nasco was making good profits, he said, and then the Government froze prices. Nasco was pushed into loss and was effectively subsidising vehicles sold to the public.

Circumstances had changed in past years. The Government was more realistic, but pricing problems continued to bedevil all sections of industry. "Industry should be able to levy realistic prices according to actual costs," he said.

Egyptian economic planners frequently declared their faith in the private sector as the vehicle for industrial growth, but Mr Gazarin said that the public sector, because of its dominant role in the economy, could not be ignored. "The private sector must play a more important role," he said, "but at the same time conditions in the public sector must be improved."

The World Bank, while noting that Government policies had been "relatively more favourable" towards the private sector, said the overall effect of these policies had tended to concentrate "private industrial activities in inefficient lines of production."

The World Bank concluded that its research, in the absence of reliable official data, had indicated a declining trend for industrial output since 1981-82. At the same time, employment in industry had been growing much more slowly than in the 1973-82 period.

The recent slowing of industrial output, the report said, appeared to be mainly due to a decline in capacity utilisation in public enterprises, partly because of foreign exchange shortages.

"As a consequence" the World Bank said, "many public enterprises have been forced to seek foreign exchange from the open market at a much higher price. This and other cost-push pressures, including wages growing faster than product prices, have induced a serious financial constraint on the operation of public enterprise . . . causing a reduction in capacity utilisation and hence a deceleration of industrial output."

The World Bank said that while some recent policy changes which sought to encourage greater autonomy in public-sector management were "in the right direction," they did not "constitute a comprehensive and adequate programme of actions needed to ensure a substantial improvement in the performance of the industrial sector."

The World Bank said Egypt urgently needs a diversified industrial base capable of competing effectively on an international scale. "A flexible exchange system is a crucial requirement in this respect," it said.

"Thus, a package of policy reforms should include a flexible exchange system, a tariff structure and trade régime which has minimum anti-trade bias, full price flexibility and full autonomy to public enterprise managers in all operational decisions, including investment, employment and wage setting. So far there is little indication that a comprehensive programme of actions will be launched in the immediate future."

MANAGEMENT: Small Business

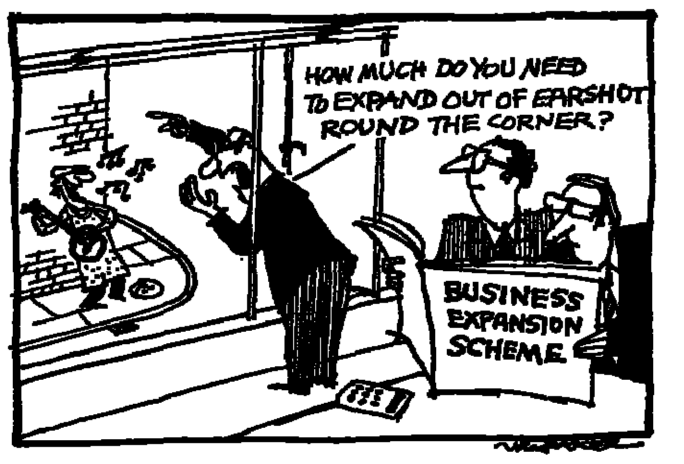
Business Expansion Scheme

Scope remains for ambitious use

John Dodwell explains why investors tend to follow a safe course

IN LAST year's Budget, the Chancellor of the Exchequer described Britain's Business Expansion Scheme as a great success and extended its life indefinitely. As £147m was invested in BES companies in 1985-86 (£127m the previous year), the BES has certainly assisted in the creation of many new businesses and in the development of existing companies.

However, there may be a downturn in the total money raised. The December BES Magazine reported that only £47m had been raised or was being sought in the current tax year up to November 30 1986, compared with £88m in the same period in the previous year.



The BES forms an important part of the Government's attempts to boost employment by the encouragement of new and expanding businesses.

It is surprising, therefore, that the Government is thought to be contemplating a £1m limit on the amount of money that any BES company can raise.

Some commentators think that too much money has gone into companies in the south of England, and an inadequate amount of BES money has gone into small high technology companies. However, the BES was designed with wider aims in mind than its critics suggest.

The aim was to transform the positions of unquoted trading companies seeking outside equity, to encourage wider share ownership and to concentrate help on those companies which do not have ready access to outside capital. The BES has resulted in jobs being created and has raised money for companies which are unlikely to be supported by other forms of venture capital.

In an ideal world, BES investors would flock to put their money into high technology start-up companies based in John O'Groats. As the majority of economic activity is in the south of England where the majority of BES investors live, it is not at all surprising that BES money is invested in companies in this region.

Moreover, as many BES investors lack the technical ability to appraise a high technology business, it is not at all surprising that they prefer to invest in relatively straightforward businesses which are easy to understand and which they come across in their everyday lives: builders, pubs, publishers, hairdressers, manufacturers of spectacle lenses, illuminated signs, lighting products and so on.

Early BES investors are now half way through the five-year period in which their investment may be retained if the initial BES relief is not to be forfeited. It is natural that BES investors are concerned about their "exit route"—the ability to realise the investment after five years.

Accordingly, increasing attention is being paid to a BES company's likelihood of obtaining a public flotation. Companies with a greater initial share capital are more likely to go to the Stock Exchange than those with a small equity. BES investors can hardly be blamed for preferring not to make any BES investment at all if they think the likelihood of getting their money back is remote.

Consequently, if the rumoured "cap" of £1m per BES company were implemented less overall BES investment is the most likely result. This can hardly be what the Government wants.

Happily, the objectives of a BES investor coincide with the Government's wish to see more employment created. Generally, larger companies employ more people, even if they may not always be innovative ventures.

For example, the Playhouse Theatre Company (asking up to £1.4m) hoped to employ 35 full-time staff with a further 25 people when plays were being produced; in addition over £1m a year of invisible export earnings was expected from overseas purchases of tickets.

Another example is Gladding Secured Contractors, a building company which raised £5m last year and is now seeking a further tranche this year — up to £10m.

Gladding already employs or is recruiting 17 staff and will undoubtedly employ considerably more (these figures exclude significant additional employment opportunities in the sub-contracting and supply industries which will receive work from Gladding). How many other BES companies have staff levels of this sort after such a short time?

Venture capitalists know the difficulties of tempting managers out of large companies. My company's experience is that there is a greater chance of getting them to set up their own business if they have a relatively large amount of money to utilise—say £5m.

Would sponsors issue 10 prospectuses for £1m each if they could not issue, say, two for £5m each? Probably not. Any responsible BES sponsor carries out a large amount of investigatory and regulatory work. Unlike a stockbroker sponsoring a company on to the Stock Exchange (where additional earning opportunities arise from subsequent share dealing), the BES sponsor takes on a burdensome monitoring role covering the five years for which a BES investor is virtually locked into the BES company.

The amount of work involved in issuing a prospectus and subsequent monitoring is similar regardless of the amount of money raised. Accordingly, sponsors have to look closely at their ability to provide the monitoring service and at the initial fees they can earn. Rather than get involved with many small issues, a sponsor may well decide to foresake the BES field—and the figures of money being raised so far this year suggest that this may already be happening in some cases.

BES is already deservedly a plank in the Government's employment platform. Should it also become a plank in regional policy?

If the Government wishes to direct BES investment into certain parts of the country, could this be achieved by giving a greater incentive for such investment? This would be preferable to limiting the amount of money a BES company can raise, thus reducing the overall amount of money raised. The amount of tax relief available for investment in designated "prosperous areas"—say, the south-east (but nowhere else)—might be reduced. Alternatively (or additionally) the limit of investment that any one person may make could be raised from the present £40,000 to £60,000 on the basis that £20,000 can only be invested in companies operating in certain designated regions.

To sum up, the likely result of capping the amount of money any one company can raise is less investment and less employment opportunities. It is thought that only about 25,000 out of 250,000 50 per cent tax payers make BES investments and so there is a large untapped market which needs encouragement. Regional investment could be tackled in the ways outlined.

Perhaps the government should consider discussing BES problems more actively with BES professionals as there is no official forum and little, if any, two-way dialogue.

John Dodwell is managing director of Chancery Corporate Services, part of the Chancery Securities Group which has, inter alia, sponsored BES prospectuses for the two companies mentioned in this article.

VAT

IoD tries to right an 'injustice'

Michael Skapinker on traders' liability

A TRADER who is not paid by a customer for goods sold still has to cough up the VAT on the sale. In a consultative paper published last October, HM Customs and Excise acknowledges that this is a problem.

But, says the Institute of Directors in a letter to Treasury Minister Peter Brooke: "It is not just a problem. It is a serious injustice in that the trader ends up bearing tax which should be borne by someone else and it damages the economy because it puts more businesses than necessary into liquidation."

In the consultative paper, Customs and Excise proposed that businesses with an annual turnover of less than £100,000 be given the option of accounting for VAT on the basis of cash received and cash paid out, rather than on the basis of invoices issued. "Traders would not have to account for VAT until paid by their customers and would not be able to reclaim VAT until they pay their suppliers," Customs and Excise said.

While welcoming this proposal, the IoD says in its letter: "The fact that the cash accounting proposals would eliminate the injustice of the relief for the VAT element of bad debts does not absolve the Government from doing anything about the problem for the traders who are not given the option of cash accounting or do not exercise it.

"Resolving the problem for businesses with turnover up to £100,000 does not remove the urgent need to provide proper relief for larger businesses. As we have long urged, relief for VAT on bad debts should be provided on the same basis as for Schedule D income and corporation tax."

The Customs and Excise proposals take into account the European Commission's draft 22nd Directive. The proposed directive would require member states to offer a simplified tax scheme for businesses with a turnover of less than £100,000.

In its submission to Customs and Excise, enclosed in the letter sent to the Treasury, the IoD says that it appreciates that the proposed directive means that cash accounting would only be permitted below the £100,000 limit. It also recognises that "tax authorities may wish to acquire experience with a limited cash accounting regime before considering its feasibility for all registered traders."

The IoD recommends that the Government press for the early adoption of the directive, together with a commitment by the Commission to review the success of cash accounting in a few years' time with a view to extending it to all traders.

The IoD gives a cautious welcome to another Customs and Excise proposal to allow annual returns for VAT rather than the current requirement for quarterly returns. This would provide for businesses with a turnover of less than £100,000 to make nine payments during the year with a tenth payment made together with the annual VAT return.

The payments would be based on an assessment of the tax debt for the year. This would in turn be based on net VAT paid the previous year, adjusted for anticipated changes in turnover, trading and inflation. The annual assessment would be divided by ten and payment would be made in nine monthly instalments by direct debit, followed by a final payment two months after the end of the accounting year which would include any adjustment necessary.

The IoD says it welcomes the proposal as an option for businesses which can foresee continued growth from year to year. "Customs literature on the subject should, however, contain a 'government health warning' about how having VAT instalments based on the previous year's out-turn could exacerbate cashflow problems in a business downturn, particularly where it occurs towards the end of a good year which has followed a poor year."

The IoD also draws Brooke's attention to what it calls one of the biggest unnecessary burdens on small businesses; the requirement that they put up a guarantee for the payment of VAT on imported goods if they do not pay cash for them at the time of import. Until two years ago, traders accounted for VAT on the imports at the end of each quarter, by which time the goods would probably have been sold off.

This position will be restored by the 14th EC Directive. Until it comes into effect, the IoD says, the Government "should instruct Customs and Excise to demand guarantees only in the minority of cases where they have reason to believe that the trader is not credit-worthy."

● A further VAT matter for the IoD and Brooke to ponder comes in a letter to the FT from Peter Kyle of Sanderstead, Surrey. Under new rules which came into effect last autumn, he writes, a surcharge is made if a trader is late in sending in a return twice within 12 months.

"I have just found out what happens if a return and cheque are sent in at the right time but the former contains an error," he says. "Customs and Excise bank the cheque and send the return back for correction. When it is sent back to them, a card comes saying the return is deemed late as on the first submission it contained an error. It appears that Customs and Excise want to have their cake and eat it."

Big Bang and USM

IT IS UNLIKELY that smaller companies quoted on the Unlisted Securities Market will be left out in the cold by the market makers as a result of the Big Bang. That is the view of Kleinwort Grieveson Securities in its annual USM/Smaller Companies Review. If so, it should be good news not only for those companies already listed on the USM but also for those smaller companies with any eye on eventually going public on the junior market.

Some pundits had been forecasting that with the advent of Big Bang and the abolition of fixed commissions, market makers would concentrate on the larger stocks, since it would not be worth their time and effort to deal in more secondary stocks. This might lead the USM to be squeezed between the main market and the Third Market, due to come on stream shortly.

However, Grieveson says it is apparent that, far from losing out in the new conditions, the USM is seeing more trade than ever. Furthermore, Grieveson foresees a thinning out process among market makers in the larger stocks, which may lead to more market makers being attracted to the USM, despite the narrower market size. Indeed, it feels the Third Market "may actually be a blessing for the USM" since Third Market candidates are likely to be the "greenfield projects" type which traditionally have had a bad time on the USM and therefore the USM might attain the respectability which has previously been disputed.

Grieveson points out that the Third Market "will also take some attractive companies, particularly some of the BES-aided operations which have been denied access onto the USM in the past."

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●

KENT Economic Development Board, set up by Kent County Council to promote the county's opportunities for business development, invested some £352,000 of venture capital in Kent companies between December 1985 and July 1986.

As a result, says KEDB, three of the investments had been accompanied by a further £6m from other sources.

The Board says that its efforts overseas bore fruit with the decision of the Japanese manufacturing company, Fuji Seal, to expand its European operations into north Kent.

KEDB also completed in the year the computerisation of its sites and property register and appointed a project executive with specific responsibility to develop new investment projects for east Kent.

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Sweet sixteen holds balance of power

Multi-valve engines or turbochargers? John Griffiths looks at trends within the motor industry.

MULTI-VALVED engines for cars are becoming the favoured option with manufacturers "the world over." And Japanese producers are taking an early lead in 16-valve four-cylinder units for small cars, according to industry analysts Automotive Industry Data.

AID's report suggests that the end of the turbocharger in small petrol car engines "is almost in sight," and that car manufacturers are adopting the principle of multi-valve engines as the best way of optimising power output and exhaust emissions without having to make concessions to engine weight, manufacturing costs, fuel consumption and vehicle running expenses.

The report* highlights three recent, and significant, engine launches by the Japanese manufacturers Mazda, Honda and Suzuki. They have in common that they are the first volume-produced small car units of under 1.3 litres with four valves per cylinder and high power outputs, of between 76 and 101 brake horsepower (bhp).

AID says that the engines are certain to spark similar action from rivals: "The next few years will see the launch of a long list of similar engines with Japanese and European origins."

But high as the outputs are, will they necessarily herald the demise of the turbocharger except for diesel applications?

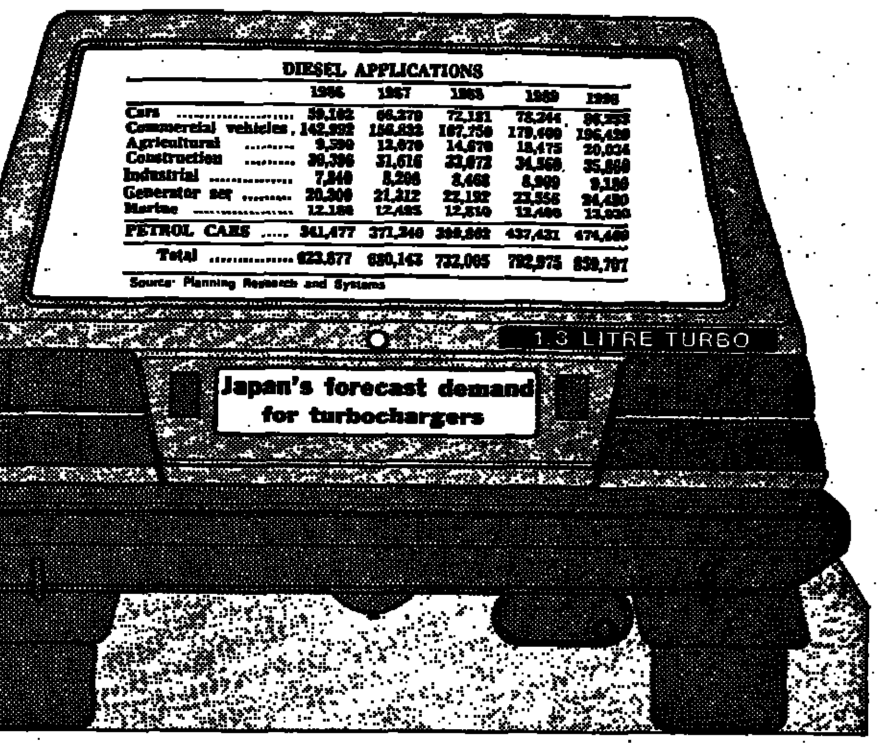
Another report**, from the London-based PRS consultancy and statistical group, is in only partial agreement with the conclusions of AID.

PRS's study of the Japanese turbocharger market, in observing that the outlook for turbocharged petrol engine car production in Japan is "mixed," says that "the battle between the competing alternatives (multi-valve v turbocharging) is far from resolved.

"Honda and Toyota, at least at present, clearly favour routes other than turbocharging for the central thrust of their engine development.

"However, Japanese technological leadership may preserve a complementary role for turbocharging in future engine developments, and on that assumption we expect strong growth for turbocharged petrol engines."

The certain growth area for the turbo, says PRS, is the diesel car sector. It expects turbo-diesel cars to increase both their share of diesel car production and, in turn, of the total car market as the diesel sector itself grows.



However, Mr Hugo Vajk, president of the automotive sector of US-owned Garrett Group, which claims more than 50 per cent of the world market for car turbochargers, does not see the systems as inevitable rivals —but as complementary in both diesel and petrol applications.

Garrett currently is spending £10m on new plant and equipment at its UK turbo-producing plant at Skelmersdale, Lancashire, established in the early 1970s and which produced its two-millionth turbocharger last year. It expects to produce 350,000 this year, representing about a quarter of Garrett's world output

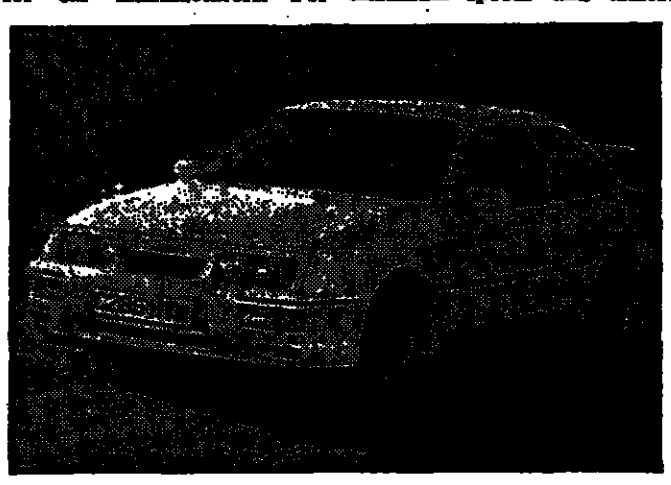
Garrett late last year also opened its first manufacturing plant in Japan, where PRS statistics show it to have held market leadership—ahead of Japanese turbo makers like IHI—even before its Kodama plant came on stream.

Part of Allied-Signal, the US aerospace and industrial conglomerate, Garrett is investing in turbo production because it believes the world market for car turbos will maintain its current 20 per cent a year growth rate, says Mr Vajk.

The worst characteristic of turbochargers — notably the throttle "lag" while compressor speed builds up which first led car makers to seek an alternative way of boosting power —is already being eradicated by lighter units, says Mr Vajk. Two further developments, the already well advanced variable nozzles and ultralightweight ceramic rotors, will eliminate problems completely, he adds.

Subsequently, he believes, the combination of multi-valve engines with advanced turbos will have significant advantages for car manufacturers. For example, smaller engines could be used with no power loss, making it easier to meet ever-stiffening exhaust emission standards.

Where there is little or no disagreement is in regard to the origins of the recent sharp growth in high-output small car petrol engines. As AID puts it: "The seemingly unstoppable trend is for more power, quicker acceleration, higher maximum speeds and almost faultless all-round handling."



Ford's 150 mph Sierra Cosworth: A marriage of 16-valve and turbocharge technology.

This applies to all sectors, including what AID describes as small "muscle cars," exemplified by hatchbacks like the Volkswagen Golf GTi and Peugeot 205GTi.

Such cars appear to be a growth-oriented sector, points out AID. For example, the Peugeot 205GTi — now being offered in 127 mph, 130 bhp form—accounted for 11.2 per cent of all 205 sales in France for the first 10 months of last year.

Following on the heels of the 1.8 litre 16-valve Golf GTi, AID expects French manufacturers to lead the European industry into small multi-valve engine production, with the first unit, of 1.3 to 1.4 litres, coming from the Peugeot group to power a high-performance version of Citroen's new AX small hatchback from next autumn. Renault could follow with a 1.4 litre unit in 1988.

The UK's Rover Group could also be an entrant from 1989 with its K-series engine—final development of which, however, has yet to be given its formal approval by the UK Government.

While the Rover 1.4 litre unit could be launched as a single overhead camshaft, two-valves per cylinder unit to replace the current "long suffering and hopelessly outdated" A-series engines powering the Metro and some Maestro and Montego models, a 16-valve version is also likely. The K-series, believes AID, could form the base power unit for the AR8, Rover's next collaborative car with Honda.

The compatibility of the turbocharger with multi-valve engine configurations for roadgoing use has already been demonstrated by Ford with its limited edition production, 150 mph Sierra Cosworth. Although of only 2 litres capacity, the engine produces 204 bhp. For competition use this is readily increased to 280 bhp by means of microchip substitution and other minor changes.

The engine is expected to be incorporated as a permanent part of the Sierra range later this year.

*Automotive Industry Data Newsletter, 34, St John St., Lichfield, Staffordshire, UK, WS13 6PB. £220 or $375 annually.

**The Japanese Turbocharger Market 1982-90, PRS Publications, 44-48 Dover Street, London W1X 3RF. £395.

WORTH WATCHING

Edited by Geoffrey Charlish

Genius taken on by Pilkington

GENERAL Electric Company (GE) of the US has made the first sale in the UK of its new industrial control interconnection system, Genius. The system has been installed at the Kings Norton, Birmingham plant of Pilkington Glass, where vehicle windscreens are made.

Genius is a means of connecting factory floor production equipment to the computerised devices that control them — the programmable logic controllers (PLCs). Older systems require individual cables from the production devices (motors, valves, switches, etc) back to the PLCs, but Genius uses a system of "intelligent" connector blocks near the plant devices, with a single twisted pair cable runing back to the PLC, obviating much expensive wiring.

Pilkington is using Genius, in conjunction with GE's model 1050 PLCs, to control the furnaces in which Triplex windscreens are made. By dispensing with an older system, the company has substantially improved control over the furnaces to increase production rates by 21 per cent and sharply reduce material wastage.

Genius, which has saved Pilkington £3,000 in wiring cost, will also enable faults to be discovered in half the usual time. By plugging in a hand-held unit, technicians can soon see which plant device has failed.

Israel involved in running problem

EXERCISE MAY not be good for you after all, according to the Technion-Israel Institute of Technology in Haifa.

The Technion researchers have found that mild exercise performed by laboratory mice is alright if they are young, but middle-aged mice can suffer muscle and kidney damage, particularly if they are not used to physical exertion.

More recently, the Israel Army medical corps has discovered similar effects in soldiers subjected to prolonged physical stress. Muscle and kidney malfunction were found, especially in recruits training in hot, dry weather.

Pocket guide to financial services

SMALLER THAN a paperback book, an unusual kind of microcomputer from Bank Marketing Consultants (BMC), Shrewsbury, UK, is aimed at meeting the needs of financial institution employees who market services direct to the public.

The user does very little by way of reading crowded screens or entering quantities of data on a keyboard because the micro's application software and fixed data comes in the form of matchbox-sized cartridges that are plugged in — a 350-page insurance rate book for example.

BMC is convinced that the salesman should not have to worry about whether he is working the machine properly while the customer is probably being put off by complicated activity at the keyboard. The average training time on the BMC micro is claimed to be one minute. There is no "qwerty" keyboard, and fewer than 15 keys altogether.

Cartridges are under development for credit scoring, loan analysis, insurance planning, mortgage comparison and pensions needs. More are planned. BMC claims that operation of the machine is so easy that consultants are already simply handing it to their customers to operate. The basic micro costs about £200 and cartridges around £60 each.

Industrious old school network

CRANFIELD INSTITUTE of Technology, a leading UK centre of learning and research in advanced manufacturing technology, has had its 50 buildings wired up by Ferranti for wideband (high capacity) communications.

The project, financially supported by the UK Department of Education and Science, will enable the college to examine new methods of factory communications and also to run its existing Ethernet local area network.

The new, multi-channel wideband network will be able to support simultaneously other Ethernet networks, MAP (manufacturing automation protocol), point-to-point data links, video and audio — all over a single coaxial cable. The system will allow the Institute to advise British industry on computer integrated manufacturing (CIM) technology.

Desk-top with a sense of style

RANK XEROX of the UK has announced desk-top publishing software called Ventura Publisher for use on the IBM personal computer model XT and compatible machines.

Described as "a powerful page composition package," it can integrate text and graphics from a number of existing software programs including Wordstar, Multimate and Word for text, and Lotus 1-2-3, Autocad, and PC Paintbrush for graphics.

The software uses "style sheets," a set of formatting descriptions for the page as a whole (size, margin widths, column widths) and for component parts like paragraphs.

Ceramics-A life of uncertainty

ALTHOUGH GREY cast iron is easy enough to machine, the use of ceramic-tipped tools at high speed is producing tool life variations which cannot be explained, according to the British Cast Iron Research Association (BCIRA).

Among the suggested reasons are the influence of trace elements in the metal and the presence of ferrite (a ceramic form of iron oxide) on the surface.

In the interests of productivity (which is affected by these uncertainties) and of product finish, BCIRA is proposing a group sponsored research project which should be of interest to both foundries and machining companies. Entrance to the 40-week project costs £4,650.

CONTACTS: General Electric Automation Europe: Daventry, UK, 0327 704011. Ferranti Computer Systems: Manchester, UK, 061 499 3355. Bank Marketing Consultants: Shrewsbury, UK, 0743 248515. Rank Xerox: Uxbridge UK, 0895 51133. BCIRA, Birmingham UK, 0527 66414. Technion: Haifa, Israel, 4 235193.

THE ARTS

PLG/Purcell Room

David Murray

The annual "Young Artists & 20th Century Music" week ended on Friday, and as usual the Park Lane Group proved itself to be the best of impresarios. Do London music-lovers realise that this is the *only* annual series in the capital which presents young performers—from a broad range, but all adventurous enough to tackle recent music—selected exclusively by fellow musicians? Début recitals are scattered thick throughout the year, according to the whims of patrons and the intuitive gambles of agents, and you pay your money and take your luck; the PLG offers an intensive week of new recitalists (chosen from five times as many auditionees) who have impressed cool, practical performers and composers. None of the star-soloist competitions, with their reliance on dully imitable standard repertoire, has a track record anything like as good.

The Apollo String Quartet got together at the Royal Academy only the year before last, but they promise an exciting future. They were suave and sensitive in Dutilleux's *Ainsi la nuit*, expertly assured with all the unpitched "effects" of Penderecki's Second Quartet. In Debussy their stylistic intentions were sound, the individual playing more consistently successful than their ensemble, in which principal voices were occasionally submerged. Still, one couldn't want a better basis for development than individual playing of such strength and character.

The pianist Nigel Hutchinson displayed a fleet brilliance worthy of his teachers, Craig Sheppard and Earl Wild, and in Berio's *Sequenza IV* a deftness with the pedals (Berio makes great use of the extra sustaining pedal) unusual in a British pianist. There is a virtuoso on the way. He gave a clean, thoroughly intelligent account of Copland's 1930 *Variations* without a hint of bashing; Samuel Barber's neo-romantic Sonata needs rather more bashing, and a heftier rhythmic urge, than it got in Hutchinson's slightly bloodless performance — but he is probably wise not to broaden his palette too hastily. Fingers as clever as his should not be forced.

Martin Harvey's trombone was sensationally agile and accurate in the little Sonatina Maxwell Davies wrote for trumpet in 1984, and several other pieces demonstrated a fine expressive range of tone. I thought three Giacinto Scelsi pieces, in the weightily simplistic Scelsi manner, needed solemn presentation besides—Harvey's informality was too modest. He and the pianist Vanessa Latarche introduced Nicolas Sackman's new Sonata stoutly and enthusiastically; for all its well-knit writing (maybe over-intricate), a certain monochrome impression was left. One wanted more air, and reassurance that Sackman isn't going the way of Hindemith.

Smetana Quartet/Wigmore Hall

Andrew Clements

With membership still intact after 41 years, the Smetana Quartet have outlasted all their contemporaries. It would be misleading to pretend that the years have not started to take some toll on their playing; there is now a brittleness to some textures that older recordings suggest have not always been present, and the warmth that is one of the most salient features of their style sometimes deserts them. But the essential character of the group, the almost subliminal unanimity and expressive control, has been wonderfully preserved: how refreshing to hear again a chamber group composed of four equally perceptive partners bent upon a single interpretative goal, instead of four disparate views of the same work or even, worse still, a quartet entirely dominated by its first violin.

That totally instinctive playing is heard pre-eminently now in the quartet literature of the Smetana's homelands—Smetana, Dvorak, Janacek—and the first two of those composers were represented in Saturday night's Wigmore Hall programme. Smetana's second quartet in D minor and Dvorak's A flat quartet Op 105 were preceded by a less convincing account of the fourth of Beethoven's Op 18—dry and withdrawn, though still well schooled and thoroughly idiomatic.

Smetana's D minor quartet is ideally suited to the infinite resource and flexibility brought to it here. It is a superbly concentrated work, hardly the product of "an alarmingly disturbed mind," as the writer of the evening's programme notes maintained, but rather the consequence of a fully controlled musical mind seeking to express the isolation and lack of sensation that deafness had brought upon it. The sudden changes of mood, the interjections of alien material, the nostalgic dance rhythms recollected in despair, and the intuitive form of the work were all richly sustained.

Equally the more regular paragraphs of Dvorak's final quartet were allowed to emerge with total naturalness. Both the Smetana and the Dvorak were played from memory, a prodigious achievement in itself, but also lending to the playing a marvellous spontaneity.

Jack and the Beanstalk

Alan Forrest

Wimbledon has been staging pantomimes for nearly a century, sticking well to the traditions of glamour, glitter and a few gimmicks to upset the purist. This season's show stays on the well trodden path — it even has a flying ballet. So it is a pity that such an action-packed and eye-catching show is a bit short on comedy —I can't recall one memorable awful joke. Harry Worth gave us a lot of laughs in his television days as the bumbling, scatterbrained male spinster, but as the King he isn't given enough to do. His Dame Trot (Barrie Gosney) is likeable but pretty low-keyed. The burden of keeping the kids giggling in the aisles falls on the friendly and impish face of Robin Askwith as Simple Simon. He carries it very well and any laughs the kids get are due to him and his energetic presence.

The show's other strong man is Anita Harris as Jack, though she hasn't the full stature of the great principal boys. She has the legs, the voice and the charm, and teams up with Askwith in some nice community singing. David Griffin's Baron — the giant's front man is another nice performance; glowering spitting hate and dressed like a diabolical Malvolio.

Marlborough Fine Art/William Packer

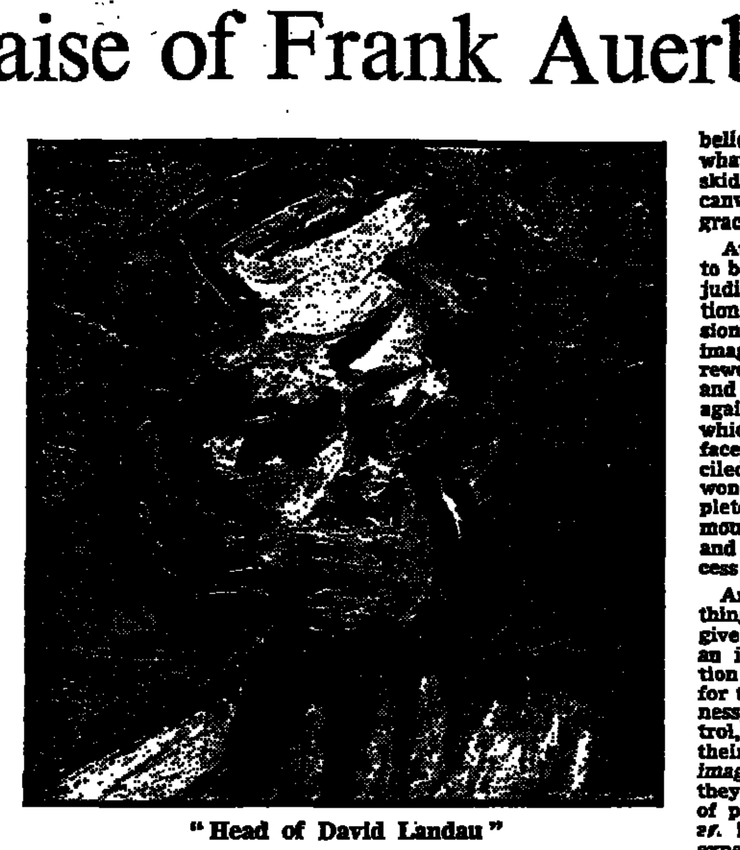
In praise of Frank Auerbach

Frank Auerbach is without doubt one of the best painters — perhaps the best — at work in Britain today, which is to say he is among the very best in the world. This might seem a big claim to make, a surprise alike to those at home who accept the received wisdom that the British are incapable of *getting any higher than the* second division when it comes to the visual arts, and to those abroad who have had no chance to learn otherwise: but it is no more than the truth.

The general prejudice may well be disabused by the show of British art in the 20th century about to open at the Royal Academy, which I shall review next week. As for the particular cases, the process has already begun. The British contribution to *A New Spirit in Painting* at the Academy in 1981, which set the international context of current figurative expreessionism, aroused at least some international curiosity. In 1984, Howard Hodgkin was the first painted in 12 years to be given the British Pavilion in Venice, was the hit of the Biennale and was launched at once into international orbit.

Last summer it was Frank Auerbach's turn to be our man for Venice, where he was joint winner of the reinstated and entirely honorific Golden Lion of the Biennale, *victor ludorum*, and quite right too. Both Hodgkin and Auerbach, to put it kindly, are by now well advanced into mid-career. And for Auerbach especially, it seems more than a little late at 55 to achieve the proper international recognition that some of us here have long thought to be no more than his due. We may even have assumed it had already been won but for regular, innocent reminders by visitors from abroad, that after three decades of considerable local recognition and consistent achievement he was known, if at all, not so much by his work as by his name alone "We have heard of him, but what sort *of work does he do?*" Significant strategic exposure abroad, even a mere six or eight years ago, might have shifted the balance of critical power towards us, to the real advantage of current British painting in general. But the moment passed.

The work is the thing, and *Marlborough Fine Art through* January and February is full of Frank Auerbach's most recent production of paintings and drawings. He is a figurative, that is to say representational, painter of the kind who works not by imaginative invention or composition but directly by observation and reference to his subject. By choice and long practice he works from what he knows best and most familiarly, *within the deliberately narrow* yet infinite scope afforded him by the human figure on one hand and, on the other, the street and landscape close to his studio by Primrose Hill and the domestic interior. He returns repeatedly, almost obsessively it sometimes seems, to the same motif, whether figure or object. In this instance *the paintings and drawings* from the figure are all portraits —heads and shoulders only of a handful of his regular models, long fixed within his closest acquaintance. The landscapes and interiors, too, are well used and familiar images, a tree on Primrose Hill and an interior at Vincent Terrace. None of the works is large, some very small.



"Head of David Landau"

He is also an expressionist. The view that there is a quality of expressionism in all true painting is hardly new, but Auerbach is expressionist in the overt and technical sense, a painter in whose work the physical process of the image and the manipulation of its material are not merely open and visible *but positively celebrated. All* these works, portraits or whatever, in charcoal or paint, are registered by their particular source and reference. They are not at all exercises in verisimilitude or particular characterisation. The intension, rather, is to achieve, in the portraits for example—by the peculiar alchemy of paint and brush stroke—a figurative equivalence and presence that has such imaginative vitality as to have a life of its own.

No human being ever looked quite like this, but then no human being was ever an oil painting exactly. There is no question of any trick or *trompe l'oeil* or suspension of any disbelief. We look at the paint as what it is, and the swoop and skid of the brush across the canvas, full of energy and force, grace and truth.

Auerbach's method is known to be not one of cumulative and judicious adjustment and relation, but rather of active revision and restatement. The image is throughly worked and reworked at a sitting, reduced and reworked again, and so again, until image, the marks which constitute it and the surface which carries it, are reconciled by some strange and wonderful intuition into a complete and final state, an autonomous object, definitive image and imaginative spur. The process may take hours or months.

And as we grow used to these things as they are, returning to give them another chance after an initial puzzlement or rejection and relishing them now for their physical material richness, colour and technical control, we begin to recognise their curious humanity and *imaginative force. For of course* they are more than mere things of paint and canvas. There is an inevitable accumulation of experience to them, and they begin to share their secret history.

The artist's long confrontation with his own experience, vested as it is in his creative communion with his model, is the vital imaginative force which informs and enlivens his work. It is this vitality which engages us to share in the experience ourselves. Before these images, we too sense the presence of the model. These are real people.

"Study for Tree on Primrose Hill II"

Aladdin/King's Theatre, Glasgow

Annalena McAfee

Even Abanazar, who usually thrives on interraction, felt moved to intervene. "It's too early in the panto for the 'oh no you won't' exchange," he growled, not without relish. *The Glasgow* audience, which has served as lynch-mob for so many careers, had been in seat-smouldering form before curtain-up. They came not to bury but to praise, and the focus of their adulation was Stanley Baxter, who was playing the Dame on home ground.

When he stepped on stage in Widow Twankey's soap packet overall and a Princess Michael bouffant, Baxter had a test for his audience's loyalty. "Lawndrih? Lawndrih?" he intoned in delicate Home Counties English. There was a steck-taking silence. Was this the Stanley Baxter they knew and loved? The Dame's genteel inquiry gave way to a raucous command, "Brung oot yer clatty claes," and there was a collective sigh of relief. Essentially a bilingual comedian with a following north and south, Baxter was back, performing in his native tongue.

Chauvinism was fuelled by a very English Abanazar, admirably played like a dyspeptic bon viveur by Alan Curtis, who kept up a stream of insults about haggis guzzling and heathen practices north of Hadrian's Wall. The audience, particularly the pensioners' parties, gave as good as they got.

John Ramage, an effervescent Wishee Washee, won over the children, and served as a perfect foil to Baxter. Judith Hibbert gave us a gamine Aladdin with the no-nonsense stance of a girl guide and a voice of ringing clarity.

Staging was pacy, driven along by the taut musical direction of Jill Stewart and the unflagging choreography of Rhona Cleland. The strong cast was boosted by the young pupils of local dancing schools as the cheeky coolie-hatted children of Pekin.

The story-line was well maintained, updated with local and topical references ("Help Ma Boab, It's Ian Paisley," says the Dame of the dour Grand Vizier), and *interspersed* with Baxter's own set-pieces. He demonstrated his genius for character-acting and timing as the lovely Marlene, pulchritudinous assistant to a magician, and gave us a splendid Highway Code striptease, right down to his No Entry knickers.

The costumes and sets by Terry Parsons combined wit and spectacle—from the magical lantern procession to the thrilling willow-patterned finale. Baxter's costumes were a triumph *of* bad taste, particularly his Chinese takeaway ensemble, with noodle-hung tinfoil skirt and chow mein-and-chopsticks hat.

Baxter and Ramage were at their best as the Ruchill Ravers, a pair of fluorescent - haired thugs from a district "so rough that Colonel Gadaffy used to be the Avon Lady." They gave us a punk medley of traditional Scottish songs (Marie's Wedding, I Dream of Jeanie, We're No Awa') that owed more to Sid Vicious than Kenneth McKellar and the audience clapped, stamped and whistled as if at a ceilidh.

Sweet Sue/Music Box, Broadway

Frank Lipsius

A. R. Gurney Jnr, chronicler of upper-class New England WASP culture in plays like *The Middle Ages* and *The Dining Room, manages to switch gears* in *Sweet Sue*, a comedy at the Music Box starring Mary Tyler Moore and Lynn Redgrave. Though the title echoes a Big Band era song, the play is a modern romance between a middle-aged woman and her son's college roommate.

The two stars play the same woman, Sue Wetherall, while her young paramour, Jake, is the pair of John K. Linton and Barry Tubb, a teenage heart-throb in films like *Top Gun* and *Mask*. The echo of Peter Nichols's *Passion Play* is unmistakable, but the alter egos appear more like friends than contrasting sides of one personality. They ruminate over their feelings, inhibitions, and dilemmas with each other. Indeed, they get along better with themselves than with the other character.

The two actresses make an interesting contrast in playing the same character. Miss Redgrave sounds haughty, at times like a lecturing mother, while Miss Moore seems genuinely trying to match the sensibilities of a younger generation. When she cuts Jake short by saying, "Leave it alone, will you?" she sounds funny; Miss Redgrave's remarks tend to sound sarcastic.

Jake is supposed to be a Dartmouth student, but he is inarticulate and becomes a cliche of his generation when he thinks Easter is synonymous with Fort Lauderdale. Sue is far more delineated and sympathetic, wasting her emotions on him. His only attraction must be hidden from the audience when he coyly poses naked facing the back of the stage, in gratuitous scenes of Sue trying to rise above being a Hallmark designer and become an artist.

"The 'Sweet Sue' syndrome," as Miss Moore defines it in the first act, is that "we're all just a little too prudish around here." The remark describes the play, which stays at the level of the inexperienced gawky young man rather than capture the woman's gradual willingness to give in to the feelings that overwhelm her.

For two acts, until seven minutes before the final curtain, the characters are occasionally funny and touching as they dance around their mutual attraction. The climatic moment of Sue's admission of her feelings ends the play, just when it really should be beginning.

Turandot/Palace, Stamford

Andrew Porter

THE CONNECTICUT Grand Opera is perhaps better known in Britain (after its Edinburgh Festival performances) than in America. But it attracted the limelight with the American sage premiere of Busoni's *Turandot*. Its home is the renovated Palace Theatre in Stamford — a buoyant town *within commuting distance of* New York — where several big companies have their headquarters; among them GTE, Pitney-Bowes, Xerox, Schweppes, Singer, Olin and Champion International. Financial Times vending boxes stand on the street corners.

Turandot was composed in *1917 as a companion-piece to Arlecchino*. It's not one of Busoni's more profound pieces but has a lean, neat quality that is very pleasing. It is closer to Gozzi than is Puccini's 1924 version, which started from Schiller's German adaptation. Emotions and incidents are stated, not lushly explored. The instrumental colours, the trenchant harmonies, the bold counterparts, melodies derived from Chinese originals (also "Greensleeves," which fits in very well once its English associations are banished) are distinctive. People sometimes say Busoni's music lacks character. I hear his personal stamp on every page.

It was a good performance. Patricia Craig, the heroine, is one of America's superior sopranos. Her voice is at its prime (she'll be 40 next year). Vocal "burn-out" is a phenomenon in the news here: wear and tear caused by tackling too heavy roles too soon, in large houses, while sacrificing beauty and purity of tone to force and volume. (One famous international tenor has threatened a critic with libel for instancing him.) But Craig has matured wisely and well. Her ample soprano moves ably and surely — true, steady, and unforced at climaxes. She has studied with Magda Olivero, and mention of that name may suggest some of her old-time stylistic assurance. She's not an electric actress — vivid at moments, then uncommanding at others. But of the difficult part she gave a distinguished and uncommonly satisfying performance.

Calaf was a new Spanish tenor, Juan Luque Carmona, whom we should be hearing more of since he has a well-formed, supple voice, bright and forward in its focus. Franco Ventriglia, praised in these pages in the '60s for his Donizetti performances (*Parisina, Pia de' Tolomei*) in Siena, is now the company's principal bass: his Barak was excellent. There were bright sets by Ugo Nespolo (dulled by the cliché blackness around them) and a straightforward production by Arvin Brown, director of the famous Long Wharf company in New Haven. Spirited conducting by Laurence Gilmore. The opera, for *no good reason, was sung in* Italian translation.

It's a sad comment on America's disjunct, uncoordinated operatic enterprises this this carefully prepared production had just two showings, the other in nearby Bridgeport.

Sigiswald Kuijken/Wigmore Hall

Max Loppert

Mr Kuijken's Bach violin recital brought a full house of devotees to the Wigmore on Sunday, and they were well rewarded. He is probably the leading Baroque violin player of the day, and on this showing his reputation remains entirely well-founded; for he plays the solo Bach works—on this occasion the A minor Sonata, BWV 1003, the E major Partita, BWV 1006, and, after the interval, the D minor Partita, BWV 1004—with inspired directness and freedom of touch and sound. After all those Bach solo violin recitals one can recall, in which the *high-altar* atmosphere and the urge of "express" every note proved nearly overpowering, it was balm to the senses to be allowed simply to sit back during this one and enjoy the music.

The instrument itself and the *manner of its* execution do a great deal to help. Not everything went absolutely right for the player all the way through Sunday's recital (there was a tendency to misfire on the E string in passages of speedy double or triple stopping, which particularly made he fugue of the A minor Sonata slightly uncomfortable to listen to). But the unforced, nutty sweetness and the concomitant avoidance of volume-seeking pressure or vibrato excess certainly helped to clear a path through to the sense of each movement in each work; and Mr Kuijken certainly followed it, with captivating freshness of spirit and lightness of step.

His freedom of phrase-inflexion and his strong yet sophisticated command of Bachian rhythm—virtues here shown to be inextricably linked—were especially remarkable in bringing out the robust humour, at times one might almost say the hilarity, of the E major Partita. Bach's foxy way of suddenly varying a phrase-length or a melodic shape so as to throw an unfolding sequence off course has seldom been so smilingly *demonstrated in concert*. In similar fashion Mr Kuijken dug the rising dramatic excitement out of the D minor Partita. The great Chaconne that closes it was not just a tour de force (though it was indeed that) but a sensible close to a grand work: all the more magnificent for sounding so little portentous.

Dick Whittington/Bromley

Antony Thorncroft

After the social realism of Aladdin at the Shaw in radical Camden it is a relief to return to traditional values at the Churchill in conservative Bromley. The costumes positively reek of extravagance; the sets are picturesque and plentiful; and there are even boys among the dancers.

None of this guarantees a successful panto but Roy Hudd does. His personality embraces the entire audience and overwhelms the rest of the cast. My programme says that Lyn Paul played Dick; Debbie Flitcroft, Alice Fitzwarren; and Bill Pertwee her father, the alderman, but they all rather passed me by. Hudd, in his coats of many colours, dominates the proceedings as Idle Jack as remorselessly as Donald Wolfit ruled his touring players as Lear.

The only actor to compete at his pace is Jimmy Thompson as Sarah the Cook, and it is with some relish that you wait to see what they do with the "goo" flinging and the "its behind you" cameos. Hudd is at his best stirring up the audience, although his ad libs also get the cast going every which way.

Despite his eulogy at the end for good old fashioned panto this Dick is not completely free of TV references, and a TV star —Roger de Courcey—doing his 10 minute guest spot oblivious to any plot. But by concentrating on the comedy routines, and keeping the sentiment to a minimum, it is rumbustious stuff, thoroughly enjoyed by all.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 9–15

Opera and Ballet

ITALY

Rome: Teatro dell'Opera: Co-production between the Teatro dell'Opera and the Ballet National de Marseille of a group of ballets by Roland Petit. Alberto Ventura conducts and the scenery is by Josef Svoboda and the costumes by Luisa Spinatelli. The Florence Teatro Communale's production of Carmen, with Elena Obraztzova, Jose Carreras, Mario Malagnini, Silvano Carroli and Daniela Dessi is conducted by Jacques Delacote and directed by Silvia Cassini, with scenery and costumes by Sibylle Ulsamer. (46 17 55).

Venice: Teatro la Fenice: Macbeth conducted by Gabriele Ferro and directed by Luca Ronconi (an updated version of the production for the Deutsche Oper of Berlin in 1980). In the cast are Piero Cappuccilli, Olivia Stapp, Nicolai Ghiaurov and Veriano Luchetti (71 01 61).

Trieste: Teatro Communale Giuseppe Verdi: Hungarian State Opera Ballet Company in Frederick Ashton's La Fille mal Gardée, conducted by Janos Sandor. (63 19 48).

SPAIN

Barcelona, Aida features Maria Chiara, Fiorenza Cossotto, Lando Bartolini, Alberto Rinaldi, Ivo Vinco and Franco de Grandis. Gran Teatre del Liceu. La Rambla 65. (318 91 22).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of Tannhäuser conducted by James Levine in Otto Schenk's production with Jessye Norman, Eva Randova, Richard Cassilly and Jan-Hendrick Rootering. It joins the repertoire of Rigoletto conducted by Thomas Fulton in John Dexter's production with Mariella Devia, Sherrill Milnes, Dano Raffanti and Dimitri Kavrakos; La Bohème conducted by Julius Rudel in Franco Zeffirelli's production with Leona Mitchell, Barbara Daniels and Brian Schexnayder; Die Fledermaus conducted by Jeffrey Tate with Kiri Te Kanawa, Tatiana Troyanos and Otto Schenk in Otto Schenk's production; and Madame Butterfly conducted by Gianfranco Masini in Renata Scotto's staging with Miss Scotto, Vasile Modoveanu and Lenus Carlson. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Terrace): Strauss's Wiener Blut starring Sheryl Woods in Zack Brown's 1980 production joins the company's Terrace Theatre season along with Don Pasquale in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. The 1983 English-language production of *The Abduction from the Seraglio* returns conducted by Arnold Ostman with Joyce Guyer as Constanze, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center (254 9895).

CHICAGO

Lyric Opera: Ghena Dimitrova takes the title role in La Gioconda, conducted by Bruno Bartoletti in Filippo Crivelli's production with the Chicago City Ballet. Lotfi Mansouri's 1981 production of The Merry Widow continues with Maria Ewing in the title role, Alan Titus as Prince Danilo and Jerry Hadley as Camille de Rosaillony, conducted by Baldo Podic. (332 2244).

TOKYO

Spiritual Energy, an avant-garde piece devised by internationally-known fashion designer, Kansai Yamamoto with music by Yas-kaz. Japanese traditional taiko drum by Eitetsu Hayashi. Dance by Sayoko Yamaguchi troupe. Parco Theatre, Shibuya. (Wed, Thur). (470 2030; 477 5858).

LONDON

Royal Opera House, Covent Garden: the postponed, long-awaited new production of Otello, with Placido Domingo returning to the title role, also has Katia Ricciarelli and Justino Diaz (as in the Zeffirelli film). Elijah Moshinsky produces, Carlos Kleiber conducts. Lucia di Lammermoor, a drab revival sloppily conducted by Michelangelo Veltri, serves as a vehicle for the attractive, vocally fluent (if not remarkably individual) heroine of June Anderson. (240 1066).

English National Opera, Coliseum: David Pountney's production of The Queen of Spades, widely excoriated when first seen a few years ago, returns with Alan Woodrow and Janice Cairns new to the leading roles, and Sarah Walker repeating her spellbinding countess. Further performances of the poor Pountney production of Carmen and of the Fledermaus revival brightened above all by Lillian Watson's Adele. (836 3161).

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Tuesday January 13 1987

Papering over EMS cracks

THE HANDLING of the latest realignment of the European Monetary System left almost everything to be desired. A public squabble between Paris and Bonn, central bank intervention in excess of $10bn and acrimonious talks lasting until early on Monday were not the way to convince supporters of freely floating exchange rates — in London and elsewhere — of the superiority of a grid managed by politicians. The hope now must be that the 3 per cent revaluation of the D-Mark will rapidly make possible lower interest rates throughout Europe, and usher in a lengthy period of currency stability.

However, the stability could prove elusive even after the resolution of political problems in France. It was confidently, if erroneously, expected last April after an effective 6 per cent devaluation of the French franc against the D-Mark. That reshuffle was followed within four months by a large devaluation of the Irish punt and by intense speculation against the Danish krone which, understandably, was not permitted to revaule alongside the D-Mark on Monday.

In marked contrast to the two years of stability which preceded the summer of 1985, the past 18 months have seen no fewer than four EMS realignments. Unless the frequency of adjustments is reduced, old fears that the EMS could degenerate into a system of crawling pegs will be revived. Such fears were initially sparked by five realignments in the pact's first three years.

Grand hopes

The key question is whether this week's small D-Mark revaluation will do more than buy a little time. The adjustment vis-a-vis the French franc and other weak EMS member currencies may look quite generous in relation to changes in the countries' relative competitiveness, as measured by real unit labour costs. But this is hardly the main source of strain: the EMS has been under pressure since early 1985 (as it was before 1983) largely because of the dollar's weakness. When investors become disillusioned with the dollar, capital tends to flow disproportionately into the D-Mark because other EMS units play little role as investment and reserve currencies.

This week's realignment seems to have assumed almost that Europe is an isolated island. Discussions focused on economic strains internal to Europe and narrow political considerations—such as weaker members' desire to pass off their currencies as reasonably "hard." Economically, it would have made more sense for the EMS negotiations to have been part of wider international currency talks aimed at determining the need for dollar depreciation. As it is, EMS members could have underestimated likely portfolio shifts into the "safe haven" D-Mark at a time of record US trade deficits and great unease about the US economy's resilience.

The strains experienced by the EMS may also reflect its failure to evolve as intended by its founders. Institutions which do not adapt as circumstances change run the risk of eventual decay. The EMS in its present form was meant to last only two years. There were grand hopes of setting up a European Monetary Fund with real powers, and of advancing towards the summit of Euro economic integration—a common currency.

Weaker members

Such plans have long been gathering dust and are certain to remain unrealised until two immediate challenges are successfully met. The first is to ensure that the UK does become a full member after the next election. The case for full membership remains as strong as ever: the studies all show that the EMS has reduced exchange rate volatility (which can only be good for business). Moreover, for a given macro-economic stance, membership would almost certainly result in lower UK interest rates—it is ironic that France, despite all its recent problems, still enjoys significantly lower short-term interest rates than Britain.

The other challenge is to improve the technical operation of the EMS. Last week's row might have been avoidable had the rules on currency intervention been different. It might be beneficial if strong currency countries (in practice often West Germany) were obliged to support weaker members sooner, and before bilateral limits were breached. Technical reforms cannot, of course, make up for a lack of political goodwill between members. It is the commitment to economic co-operation which will have to strengthen if the EMS is to lead to greater things.

Trinidad and the future of Caricom

MR ARTHUR ROBINSON, the Prime Minister of Trinidad and Tobago, has made an encouraging start in the wake of last months' landslide electoral victory by the National Alliance for Reconstruction (NAR). His cabinet appointments demonstrate his determination to carry out his campaign pledge to tackle public morality and Trinidad's ailing economy.

Given Trinidad's position in the Caribbean as the region's richest country, this is a welcome development. Although an upswing in the Trinidad economy hinges upon a firmer oil price, much can be done by reversing the previous government's protectionist policies which have been one of the major factors holding back greater integration of the small island economies of the Caribbean within the common market organisation, Caricom.

Mr Robinson's victory at the head of the NAR was the most decisive in recent Caribbean electoral history. The party won 33 of the 36 seats in the House of Representatives, unseating Mr George Chambers, the incumbent premier, and ending 30 years of uninterrupted rule by the People's National Movement (PNM).

In purely domestic terms, arguably the most significant outcome of the December elections has been the way in which the traditional mould of the ethnic vote has been broken. Mr Robinson has drawn away part of the majority black vote, the core of PNM support, and the electorate has been mature enough to accept greater cohabitation with the (east) Indian population.

Regional recession

Much of the credit must go to Mr Robinson himself for his ability to forge unity among a disparate opposition movement. But he also fought a campaign on issues that directly appealed to voters including a clean up of corruption, trimming back the state sector and stimulating employment. He is an experienced politician, having been Finance and Foreign Minister under the late Dr Eric Williams, the father of the islands' independence; and he now has a wide margin of manoeuvre to carry out his electoral pledges.

He inherits an economy still heavily dependent upon the oil industry and long used to state subsidy. He can probably rely on a modest improvement of the oil price and he has a good deal of scope for trimming the existing fat in the state sector. Nevertheless he will have to be careful not to raise expectations too high over an early reduction in unemployment.

However, it is Mr Robinson's commitment to seek better relations with Trinidad's Caribbean neighbours and to adopt a less restrictive approach to trade that has aroused most interest outside. The previous government of Mr Chambers reacted to the downturn in the oil price and regional recession by resorting to protectionism. Admittedly Trinidad was no exception. All the governments in the region, suffering from the debt crisis and lower commodity prices, felt themselves obliged to protect domestic producers. But since Trinidad is the largest export market in the region, the impact of its policies upon Caribbean trade has been keenly felt, especially in Barbados and Jamaica. This in turn has helped undermine the hesitant progress of Caricom.

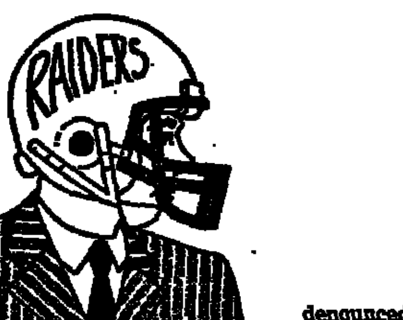
Intra-regional trade has been almost halved since the beginning of the 'eighties, and now accounts for little more than 5 per cent of total imports. Much of the region's trade drive has been redirected towards the US, benefiting from privileged access under President Reagan's Caribbean Basin Initiative (CBI).

Dependence on the US, which has increased after the Grenada invasion, is probably irreversible given the small scale and limited resources of Caribbean economies. Nevertheless, Caricom provides a useful mechanism for establishing more political cohesion and economic integration, and the new Trinidad Government should do what it can to rejuvenate it. The Caribbean contains the largest concentration of small states in the world: the Caricom framework, properly developed and supported, should help to ensure the long-term livelihood and security of the region.

The takeover wave has created controversy in corporate America . . .

Predators high on junk

By Anatole Kaletsky



"SPECULATORS may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation — when the capital development of a country becomes the by-product of the activities of a casino."

When Keynes wrote those words in 1936, the world was still echoing with the explosion of the greatest speculative bubble of all time — the 1920s boom and crash on Wall Street. Fifty years later, waves of financial speculation have once again washed over and transformed the business landscapes of the US and other capitalist countries.

Takeovers and corporate raids are running rampant. Even the largest companies, including US Steel, Gulf Oil, Bank of America and Goodyear Tyre and, in the UK, Imperial Group, Distillers and Pilkington, are subject to attack. Are the British and US economies really in danger of drowning in Keynes's "whirpools of speculation?" Or is the wholesale redistribution of business assets, the ruthless purging of established managements and the audacious creation of financial pyramids merely a healthy sign of the entrepreneurial renewal which Joseph Schumpeter, the other great economist of the 1930s, called "creative destruction?"

This series of articles is designed to shed light on these questions by looking at specific cases of controversial mergers and financial reconstructions.

These articles demonstrate firstly that every financial deal is different and must be examined on its merits and, secondly, that there are serious costs—as well as potential benefits.

Beyond these truisms there are only a few conclusions that would be accepted by the whole spectrum of opinion, from Keynesian sceptics to devotees of *laissez faire*.

Clearly the insider trading scandals surrounding Mr Ivan Boesky have cast a shadow over the takeover frenzy. Mr Boesky was the leading member of the community of arbitrageurs who make their fortunes by buying stakes in vulnerable companies which they thereby help to put "in play."

The arbitrageurs' activities tip the scales in favour of the aggressors in contested takeovers because they gather large pools of shares into the hands of individuals, whose only interest is to sell their stakes to the highest bidder in the shortest possible time.

Two other stratagems common in the merger boom, while not illegal like insider trading, are almost as widely condemned. The payment of "greenmail," whereby victims of takeover bids buy back at premium prices the shares accumulated by corporate raiders, is denounced even by the raiders who pocket the proceeds

Equally indefensible are the "poison pills" and "shark repellants," with which potential takeover victims try to protect themselves—by cancelling voting rights on shares, piling up debts, disposing of prize assets or even devising mechanisms to liquidate themselves automatically in the event of an unwelcome bid.

There can be little doubt that greenmail and poison pills—to say nothing of insider trading—tend to damage the companies concerned, to create distortions in the capital markets and to bring the whole of Wall Street into disrepute. But those who argue that the market will iron out its abuses are gradually—if slowly and expensively—being proved right.

Although more companies are devising poison pill plans almost daily, these have had only limited deterrent effects. Even such giants as Philips Petroleum and RCA have ultimately been swallowed up, poison pills and all.

A study by the Securities and Exchange Commission, which examined all the 245 listed companies which had adopted poison pills by July 4 1986, found that more than half of the 30 of them attacked by hostile bidders did eventually succumb, albeit sometimes to friendly "white knights" instead of the original raiders.

Greenmail may also be going out of style. Despite the recent controversial payments by Gillette and Goodyear to Mr Ronald Perelman and Sir James Goldsmith, respectively, both companies are being forced to sell off large portions of their businesses to fend off further corporate predators and service the new debts they have incurred. But they now also face lawsuits from disgruntled shareholders.

But if greenmail, insider trading, poison pills and other highly publicised abuses of the merger frenzy can be dismissed as marginal problems, the more important issues — the impact on industrial structure, on corporate management and on the stability of the US financial system — are much more complex and ambiguous.

It is endlessly debatable, for instance, whether the wave of mergers has actually improved the US economy's competitive structure. Takeover bids have certainly shaken up sleepy companies and woken up both managements and labour forces to the harsh realities of the competitive struggle.

It can be argued that a cold shower, like that to which the overvalued dollar exposed the trading sector of the US economy, has been administered by corporate raiders to the many US industries immune from foreign competition — branded consumer goods companies, transport sectors, the media and retailers, for example.

But there have also been competitive costs to this process. A strong theme of takeovers has been consolidation of important industries, including oil, airlines, computers and consumer goods, into an ever-smaller number of very large companies. Another aim of corporate restructurings has been to concentrate resources on "core business." This has frequently been taken to mean that companies should only operate in businesses where they can hope to exercise market leadership — influencing prices in oligopolistic competition between three or four dominant players.

Some economists, such as those of the Chicago school, argue that such concentration promotes competition because it responds to market signals. But there are signs that, as US companies have streamlined and domestic oligopolies have tightened, large market segments have been abandoned to competitors from abroad — in a process comparable to the retrenchment of British businesses from the late 1970s onwards.

Similar dichotomies arise over the impact of predators on the efficiency of individual companies. Does the threat of takeover force managers to shorten their time horizons and neglect research, costly expansion plans and risky projects? Or does it make managements improve financial controls, clarify objectives and squeeze out excessive costs? Logic and anecdotal evidence suggest that both are probably true — although the fact that hostile takeovers are rare in the Japanese capital markets is often cited as evidence that the first detrimental effect is stronger than the second.

Yet little empirical evidence exists on these issues. What statistics there are seem to point to surprising conclusions. An SEC study of takeovers and research spending in 1985 showed that companies falling victim to takeovers in research intensive fields spent only half as much on research prior to takeover as firms in the same industries which the raiders left alone.

Indeed, the argument over time horizons and streamlining begs another question. Is a sleepy, complacent, bureaucratic management with a longtime horizon preferable to an agressive, entrepreneurial management which thinks only about how much its stock options will be worth next month? The answer obviously depends upon the company and industry in question.

There is only one fundamental feature of the merger boom on which generalisations are perhaps valid—and disquieting. This is the impact of mergers on the US economy's financial structure.

The merger busines in the US, unlike Britain, has been financed almost exclusively by debt—and on a scale which is enormous even by the standards of the US capital markets. According to Salomon Brothers, a total of $267bn of corporate assets changed hands last year in all forms of corporate financial restructurings. To help finance this asset-churning, non-financial corporations borrowed more than $100bn last year, most of it to retire $76bn of equity through mergers, buy-outs and restructurings. Total stock requirements in the past three years are estimated at $231bn, equal to 11 per cent of the total value of all US equities in 1984, when the merger boom began.

It is not just the quantity but the quality of debt that many economists find worrying. Of the $118bn of corporate bonds issued last year, about $30bn were "junk bonds," regarded by the US rating agencies as being below "investment quality"—in other words, carrying a significant risk of default.

Until recently no companies of this standing were able to raise money on the US (or any other) bond market. They had to raise it from equity investors and borrow from the banks, which could examine their books in greater detail than any bond investor and generally required collateral. In the past four years an explosion of the junk bond market has been both a cause and a consequence of the takeover boom.

According to some estimates, as much as 75 per cent of the junk bonds being issued are used to buy or restructure companies. As a result the two markets—the market for corporate control and the market for junk bonds—have become closely and perhaps dangerously intertwined. Thus there are many industries including airlines, television and retailing, where mergers are financed by junk bonds. The bonds are secured by corporate asset, and the value of these assets in turn depends on the price paid for similar assets in the last junk-financed acquisition.

Prospectuses for many junk bond issues make no bones about the fact that the borrowers' cash flow and profits are "insufficient to cover interest payments, and the ability to satisfy obligations will be largely dependent on the ability to sell assets for sufficient proceeds," to quote almost verbatim from the offer document in Turner Broadcasting System's $1.5bn successful bid for MGM. The document also shows a $490m pro-forma loss and a $156m cash flow deficit for the combined company in the seven accounting quarters before the bond issue.

So far Mr Turner has survived by selling MGM film assets to other media companies. One of these is Mr Rupert Murdoch's News Corporation, which last year raised nearly $2bn in junk bonds and bank borrowings to buy seven television stations from Mr Jack Kluge's Metromedia. Mr Kluge himself acquired this company in a junk-financed leveraged buyout, worth $1.2bn in 1984.

To make the circle even tighter, leading investors in the junk bond market include insurance companies, which have made a profitable business of selling annuities based on high junk bond yields to companies which want to wind up their pension funds as part of their junk-financed corporate restructurings.

This kind of merry-go-round inevitably grinds to a halt—and at that point there could be trouble for bondholders in the many junk-financed companies which have never pretended they could survive on current earnings or cash flow. In reality, many junk issues are more like equities than bonds and the interest which they pay is nowhere near sufficient to justify the risks they carry. This is, of course, why US financiers prefer to finance their takeovers with these relatively cheap bonds and thereby maximise their own potential for equity profits.

In the event of a recession—which would simultaneously hit the cash flows of all the highly leveraged companies — there would be clear possibilities of a cycle of junk bond collapses, forced sales of assets, balance sheet writedowns and further rounds of financial failures.

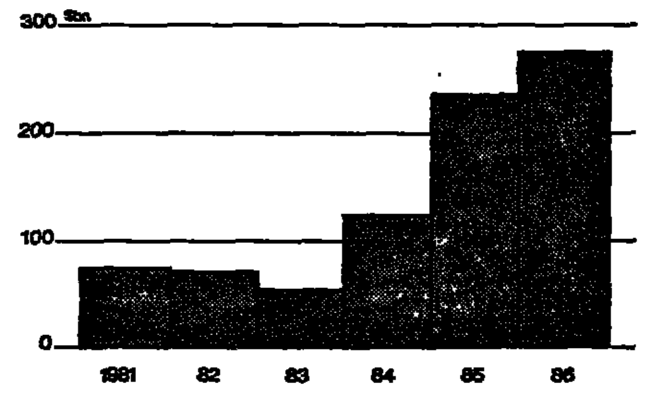
The portfolio diversification, which has given many junk bond investors an illusion of safety, would be rendered worthless in such circumstances just as the banks which lent to Latin America, the US farmers or the energy industry found little joy in the spread of their loans.

Sooner or later such a recession is bound to hit. The only question is whether this happens before or after the "strategic refocusing" and "managerial sharpening"—promised by the merger-makers—yields their magical results.

MAJOR DEALS

BUYER	SELLER	VALUE $bn	YEAR
CHEVRON	GULF	13.21	1984
TEXACO	GETTY OIL	10.13	1984
DUPONT	CONOCO	8.04	1981
US STEEL	MARATHON OIL	6.62	1981
GENERAL ELECTRIC	RCA	6.40	1986
KOHLBERG KRAVIS ROBERTS	BEATRICE	6.20	1986
MOBIL	SUPERIOR OIL	5.73	1984
PHILLIP MORRIS	GENERAL FOODS	5.63	1985
ROYAL DUTCH/SHELL	SHELL OIL (remaining 30.5%)	5.47	1984
KOHLBERG KRAVIS ROBERTS	SAFEWAY STORES	5.30	1986
SANTA FE INDUSTRIES	SOUTHERN PACIFIC	5.10	1983
GENERAL MOTORS	HUGHES AIRCRAFT	5.03	1985
R. J. REYNOLDS INDUSTRIES	NABISCO BRANDS	4.91	1985
BURROUGHS	SPERRY	4.80	1986
ALLIED	SIGNAL COMPANIES	4.48	1985
ELF AQUITAINE	TEXASGULF	4.29	1981
CONNECTICUT GEN	INA	4.21	1981
OCCIDENTAL PETROLEUM	CITIES SERVICE	4.12	1982
US STEEL	TEXAS OIL & GAS	4.09	1985
BAXTER TRAVENOL LABS	AMERICAN HOSPITAL SUPPLY	3.70	1985
MANAGEMENT/INVESTORS	R. H. MACY	3.70	1986
SHELL OIL	BELRIDGE OIL	3.65	1979
CAPITAL CITIES COMM'S	AMERICAN BROADCASTING COS	3.53	1985
CAMPEAU	ALLIED STORES	3.47	1986
UNILEVER	CHESEBROUGH-POND	3.10	1986
OCCIDENTAL PETROLEUM	MIDCON	3.00	1986

MERGERS & DIVESTITURES



CORPORATE STOCK ISSUES

YEAR	NON-FINANCIAL	FINANCIAL	NET ISSUES OF CORPORATE STOCK
1981	$-18.6	-4.9	$-23.5
1982	$-12.7	-7.6	$-20.3
1983	$24.0	1.7	$25.8
1984	$-82.4	0.7	$-81.7
1985	$-72.7	11.3	$-61.4
1986 Est	$-76.3	13.7	$-62.6

Source: Salomon Bros.

Men and Matters

A test of stamina

After a 20-year campaign to convince a wider public of the stresses and strains of their job, Britain's long-suffering driving examiners have at last received some official recognition of their cause.

A report commissioned by the Health and Safety Executive says the examiner's current, gruelling routine of nine tests a day, unchanged since 1935, should be cut to eight on health and efficiency grounds.

One reason for this is that the volume of traffic on the roads has increased 17-fold in the past 50 years. Facing a rigid timetable of 45 minutes per candidate, examiners often have to curtail tests after spending lengthy periods in traffic jams.

According to the Society of Civil and Public Servants, the examiners' trade union, they accept that their judgment may not be at its best at the end of a hard day — and especially not at the end of a hard week.

But ministers are unlikely to rush into implementing the report, prepared by Oxford University psychologists and the Employment Medical Advisory Service. Unless more examiners are recruited, waiting lists for the driving test will grow even longer if the workload is eased.

The Transport Department which wants to reduce the average waiting time to 11 weeks, says that the present average is 15. But learner-drivers in East Cambridgeshire have to wait a nerve-racking 19 weeks.

"British Rail regret the delay to services—this is due to adverse weather conditions in the Leningrad area"

In drag

Anything, it seems, can be fixed with sticky tape—even a 12-metre America's Cup contender.

In Fremantle, Dennis Conner's Stars and Stripes syndicate has revealed a hitherto secret plastic film, made by 3M, which will cover the hull of the boat Conner takes into the final of the challenger selection competition.

The product, which is still in the experimental stage, is called drag reduction film, and has been tested by NASA and the Boeing aircraft company. Sheets of thin plastic are scored with hundreds of minute longitudinal grooves that are said to reduce drag significantly.

Conner and his crew, who begin a best-of-seven series against the all-conquering New Zealand yacht today, spent Christmas Eve and Christmas Day glueing the panels on to the underbody of Stars and Stripes. They won their subsequent semi-final.

"You never know with these things quite what is making the boat go faster," says designer John Marshall. "But we are confident that the riblets, as we call them, are making this yacht go faster.

Boeing's experiments indicate a 6 per cent reduction in drag when the film is applied to an aircraft skin. If applied to the entire US fleet of civil aircraft, NASA researchers estimate that fuel saving would be of the order of $300m a year.

Yachtsmen have long known that a slightly rough surface—of the right sort—can actually reduce the stickiness between a hull and the water.

3M remains cautious. "I don't know that anyone is prepared to say that the addition of our film is the dominant reason for the success of Stars and Stripes," says Clem Nelson, vice president of the group's decorative products division, which has the responsibiity for this potentially hot number.

But if the America's Cup is about anything it is about oneupmanship. So few were surprised when the New Zealand skipper, Chris Dickson, said yesterday he knew all about the secret coating. His boat New Zealand, had a similar coating of a different make

Under the weather

Apart from the obvious effects of a cold snap like the present, even subtle changes in weather conditions can help trigger marital rows, headaches, pains in the limbs, and depression, says West Germany's meteorological office. The Föhn wind, a warm and dry southern blow, is notorious for making Bavarians jumpy and for pushing up the number of road accidents.

So, back in October, the West German telecom monopoly, the Bundespost — ever eager to refute charges of its own crustiness — started a phone-in experiment which enables people feeling under the weather to ring the met men in Munich, Frankfurt and Dusseldorf, for advice.

Doctors phoning the weather centres are advised on how to change their prescriptions to allow for changes in the local climate. People worried about their blood pressure are told to take it easy when a warm front prevails.

Some 80,000 people have so far used the service; and the help-line is likely to be extended nationwide next autumn. Around 20m Germans who claim to suffer from the weather, may be the better for it. The Bundespost should certainly register an improvement in its revenue.

Fishing line

Twelve years ago, Brian Swinbanks, 42, quit his job as head of a toy design team for Raleigh Industries. "We were not doing much more at the time than changing the colours of existing toys," he says.

A keen sea angler, he moved to Tobermory on the Isle of Mull, and started a new business, chartering boats and selling fishing tackle to anglers.

This unique combination of careers has now brought Swinbanks the first ever award from the Design Council for a sea angling product — the "Knotless" range of terminal gear which enables anglers to change hooks and lures in seconds without tangling or cutting their lines.

The system took Swinbanks and his brother, Duncan, two years to develop. "It is a short season on Mull," says Swinbanks. "We were looking for a manufacturing opportunity that would provide us, and others on Mull, with work in the slack winter months."

The "Knotless" products were introduced at Britain's annual fishing tackle trade show last July and were an instant success. Production is already running at some 10,000 a week, and the range will go on sale in Europe later this year, and in the US next year.

Good heavens

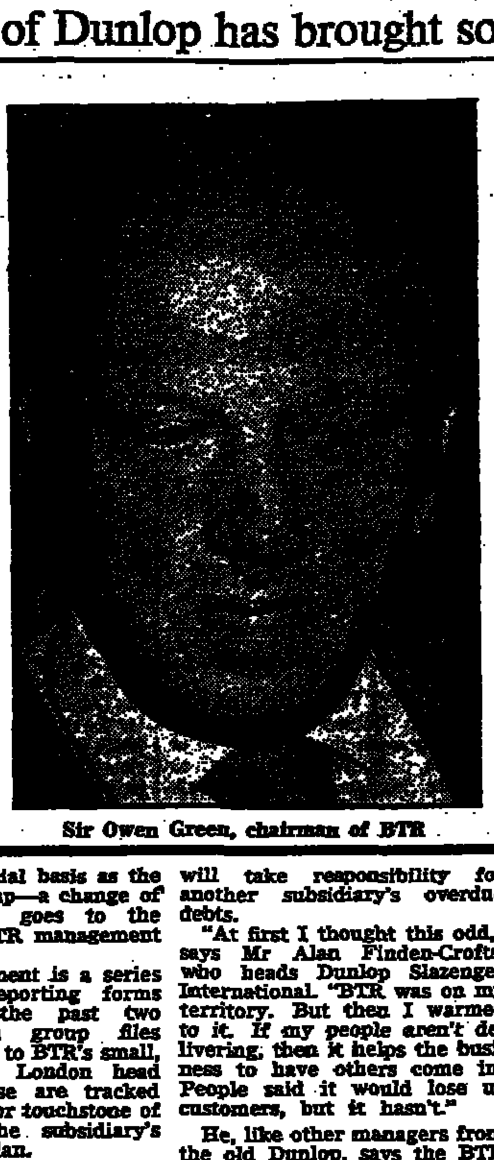
Sign outside a New York church: "Become a committed Christian. The fringe benefits are out of this world."

Observer

. . . but in the UK BTR's acquisition of Dunlop has brought some benefits

A culture shock that won ardent converts

By Martin Dickson



Sir Owen Green, chairman of BTR

A SHIVER of apprehension ran through the management at Dunlop Holdings on the evening of Friday, March 9 1985. BTR, the industrial conglomerate, had just clinched victory in its £101m takeover bid for the company and the future suddenly looked uncertain.

BTR had — and still has — a reputation as one of Britain's most aggressive acquisitive companies, paying minute attention to profits, especially in the short term. How would it handle its new prize? Would heads roll? Would parts of the group —which had previously disposed of its European tyre-making operation to Sumitomo of Japan — be sold? Would BTR milk Dunlop, letting its body degenerate?

Most of these apprehensions were to prove misplaced. Nearly two years on, Dunlop is thriving under BTR's ownership. Profits have risen sharply at the main subsidiaries, but so have levels of capital investment. And Dunlop's managers are almost embarrassingly evangelical in their conversion to BTR's vigorous system of financial controls.

"It produced real culture shock," recalls Mr John Roberts, who has been with Dunlop for 32 years and now heads BTR's aerospace group, "but it has proved a vigorous and disciplined way of controlling operations."

These control methods have been a crucial factor over the last 20 years in the growth of BTR, under the leadership of chairman Sir Owen Green, from humble origins in the rubber sector into one of Britain's largest companies. The story of how Dunlop was integrated into this framework gives an insight into BTR's management system at a time when the group is again a subject of controversy—thanks to its £1.1bn takeover bid for Pilkington Brothers, the glassmaker.

BTR, however, cannot claim all the credit for Dunlop's progress. Much is due to groundwork laid by its managers before the bid, particularly during the brief chairmanship of Sir Michael Edwardes. He was brought in in late 1984 to turn round the debt-laden rump of Dunlop, after the tyre-making sale. That rump includes Dunlop Slazenger International, the sporting equipment business; an aerospace division producing aircraft wheels, tyres and sophisticated braking systems; and Dunlop Automotive, Britain's last volume supplier of steel car wheels.

Sir Michael devised a £142m capital reconstruction, shook up the management and worked with divisional heads to produce a strategy for the group's varied components.

BTR's first task was to allay the fears of Dunlop's managers. Within days, the joint chief executives of BTR's European operations, Mr Lionel Stammers and Mr Hugh Laughland, travelled to two or three Dunlop plants a day to explain BTR management philosophy and its financial control methods.

"We demonstrated that, despite what they may have read in the press, BTR takes a strategic view of its businesses," says Mr Stammers. "We proved that we've each got only one head and a couple of eyes."

Simultaneously BTR was working out how to slot the various Dunlop companies into its structure. This consists of groups of related companies, each headed by peripatetic chief executives who report to one of four regional chiefs.

The task needed to be done rapidly to help morale and was completed just four weeks after Dunlop capitulated. A few businesses, such as hose and belting, fitted naturally into BTR groups with similar operations. Some were allocated to broadly related groups, while others, such as the sporting goods operations, were so large and cohesive they needed to be treated separately.

The existing Dunlop management was retained virtually intact. "In every acquisition we have made, we have discovered a wealth of talent at the operational level," says Mr Stammers.

The next task was to get the Dunlop businesses reporting on the same financial basis as the rest of the group—a change of practice which goes to the heart of the BTR management method.

The first element is a series of financial reporting forms refined over the past two decades. Each group files monthly reports to BTR's small, unprepossessing London head office, and these are tracked against the major touchstone of performance, the subsidiary's annual profit plan.

This plan is drawn up, between August and November, in a series of negotiations between line managers and head office. The aim is to set a series of performance targets for the following year which will stretch the companies.

"It's a bit like an elastic band," says Mr Roberts. "You don't know how far you can stretch. You all find you've got a little bit more in you than you thought. It is a very detailed, minute procedure and the plan at the end has been *forged in the fire.*"

The plan stresses return on sales, which BTR has adopted as a simple ratio which ensures good cash flow. It argues that concentrating on return on net assets, a performance criteria used by many companies, including the old Dunlop, can make managers place insufficient emphasis on profits.

The second element is strict supervision of working capital controls. In extreme cases a BTR subsidiary, Clear-a-Debt, will take responsibility for another subsidiary's overdue debts.

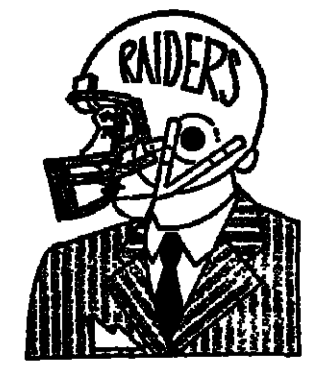
"At first I thought this odd," says Mr Alan Finden-Crofts, who heads Dunlop Slazenger International. "BTR was on my territory. But then I warmed to it. If my people aren't delivering, then it helps the business to have others come in. People said it would lose us customers, but it hasn't."

He, like other managers from the old Dunlop, says the BTR control system has helped improve performance. "It is surprising how much else appears to fall into place when return on sales is right," says Mr Roberts.

"Under the old Dunlop, there were financial corners you could hide in. In BTR, if the strategy is going off the defined track for the year it is very evident and you have to take action."

The third element of control is a three-year strategic plan for each subsidiary, drawn up in the spring. It underscores the other crucial element of the BTR system—the devolution of responsibility for the direction of businesses to managers in the field.

Mr Roberts, for example, says he has much more control than under "the old Mothercare style at Dunlop. There was always interference from head office. They wanted to know what was going on in all corners of the business."



But might not this highly centralised system of financial controls and developed management responsibility lead to clashes over capital expenditure? So far it does not appear to have done so, as is shown by two examples:

At Dunlop-Slazenger International, like all of the old Dunlop group, had for years before the takeover been desperately short of investment funds. In many areas, its technology was excellent—for example, it developed a process for injecting graphite fibres into tennis rackets. But lack of funds and marketing weaknesses meant it did not capitalise on this lead.

Under BTR, its factories have been updated and rationalised, involving substantial job losses. However, greater technological efficiency and UK labour rates, which now compare better internationally, mean that the company is starting to bring back to the UK some production which it had moved to the Far East.

Advertising and promotion is vital for the manufacturer of sporting goods and Dunlop had been concerned about the attitude to this of BTR, a relative newcomer to the consumer goods sector. But, says Mr Finden-Crofts, the 1987 spend will be up to 42 per cent on last year—a decision which did not have to be discussed with head office.

As for profits, these have risen from £9m in 1985 to £16m last year—and more than £22m projected for 1987. Dunlop Slazenger has been gaining market share, and is opening offices in the Far East and an additional operation in the US, where it wants to increase golf ball sales. It is also being encouraged by BTR to look for acquisitions of its own.

B: Dunlop Aviation is Britain's own manufacturer of wheels and braking systems for aircraft, and also produces other high technology aviation components. It has a world lead in carbon brake technology—it produced the first for service on Concorde. This is an operation which depends on long-term planning, given the time it takes to get an aircraft off the drawing board.

Mr Roberts acknowledges that BTR could have come in and quietly "harvested" the business for short-term gains. But this has not happened. A capital spending programme involving several million pounds for computer-aided design is *going ahead, while the group is* maintaining its 10 per cent ratio of R and D expenditure to sales.

As for profits, while the company will not give precise figures, it says these have doubled in real terms over the past three years on turnover up 40 per cent.

The target for 1987 is an 18 per cent growth in both profits and sales. "Far from there being a hiccup when BTR took over, the whole thing has accelerated," says Mr Roberts. "All the indications so far are that the longterm nature of the business is going to be supported. I have yet to put a major project before the board with negative cash-flow, but all the vibrations are supportive."

Not everyone is quite so enthusiastic about BTR's impact: Dunlop's labour force has been cut by about 10 per cent since the takeover and redundancy terms have been pared. BTR says that the job losses were long overdue — in many cases the old Dunlop simply did *not have the cash to make* people redundant—and that it leaves these decisions to local management.

Nevertheless, its termination of a national agreement over redundancies has left trade unionists angry. Mr David Warburton, of the General Municipal and Boilermakers' Union (GMBATU), who for many years was the national officer covering both BTR and Dunlop, says: "Industrial relations-wise, BTR is still back in the dark ages."

From the viewpoint of both BTR and Dunlop managements the takeover has been a success. The former has gained a strong earnings stream in some excellent niche businesses; the latter has been allowed to pursue the growth path which its existing managers saw was necessary, but which they lacked the financial muscle to execute confidently.

Admittedly, it would have been remarkable if the takeover had not been successful — Dunlop was set for a bounce back before BTR appeared on the scene. Yet the trend has been accelerated and the former Dunlop managers seem to have few complaints, apart from the odd grumble that BTR does not pay its senior staff enough, or about the intensity of the demands placed on them. "It's a pretty pressured life," says one. "There isn't much time to sit and stare."

This is the first of a series. The next article appears on the Management Page tomorrow.

Lombard

Using consultants as managers

By Christopher Lorenz

MANAGEMENT consultancy has always been seen as a cut-and-run profession. A well-worn jibe tells of the consultant who rushes in to apply all his analytical wizardry, hands over his recommendations, and then walks away, leaving his client struggling to turn theory into action — or as often as not, picking up the pieces. The consultant is never heard from again, except when (two days later) he tenders an astronomic bill for his services.

Since the early 1980s, when dissatisfaction grew to a peak, consultancies have been trying en masse to change that image by sticking with the client long enough to help him carry out their recommendations. "Implementation" has become one of the profession's prime selling pitches — and a lucrative source of extra revenue.

While getting closer to their clients, most consultancies have taken care still to stay at arm's length. McKinsey and the Boston Consulting Group (BCG) may spend longer than they used to on each assignment, and carry out more repeat projects for each client, but they have avoided becoming permanent members of the corporate staff and (effectively) co-managers of their clients' businesses.

Nor would most clients wish them to get that close in any case, on the grounds that a consultant is still at his most effective as an external adviser, and that it is for the manager to do the actual managing.

That a few large companies see things differently is evident from the remarkable rise of Bain and Co, a Boston-based consultancy which follows the single-minded strategy of turning its teams of bright young business-school graduates into long-term auxiliary corporate staffs for a handful of selected clients around the world.

Founded in 1973 by Bill Bain, after a stellar career at BCG, the firm employs more than 1,000 people in offices all over the globe. Among the European clients whose fortunes it has fostered since 1981 has been Guinness, the drinks group whose lustre is fading daily under the shadow of one of the biggest share dealing controversies the City of London has known.

The questions provoked by Bain's deep involvement with the management of Guinness extend far beyond the role of one of its staff. Mr Oliver Roux, as Guinness's director of financial strategy and development. For Mr Roux who resigned yesterday, was only the most visible of a large team of Bain consultants at work within Guinness as near permanent secondees.

From a purely managerial point of view, the whole "rent-a-staff" approach is beset with problems. If a company is as short of key staff as Guinness evidently was when Mr Ernest Saunders was called in to revitalise it in 1981, why not recruit them, even if consultants are used as a short-term stopgap?

Continued reliance on outsiders is dangerous in several respects. It may narrow their perspective and lessen their objectivity, which were two of the main reasons for employing them in the first place. At the same time it may create resentment among the company's full-time managers.

In legal terms, too, uncertainties abound. One of the long-term results of the Guinness affair may have to be moves to clarify where the secondee's responsibilities lie: to his consultancy, or to his long-term client?

In support of the Bain approach, it could be argued that the partial externalisation of corporate staff work forms part of the inexorable disintegration of business structure, in which anything from product sub-assemblies to office cleaning, debt-collection to transport fleets, are sub-contracted to outside experts.

But corporate staff work, especially in the very areas of strategy at which Bain excels, is so close to the heart of a company that it may be risky to slough it off for any great length of time. Nor is it enough to argue that Bain's role is confined to staff work, rather than line management.

In a well-run organisation it is impossible to distinguish clearly between line and staff roles. As many companies have found in recent years, the most effective strategist has one foot in line management. But if the strategist is an outside consultant all sorts of conflicts can arise.

Letters to the Editor

BTR bid for Pilkington

From Mr A. Campbell

Sir, — The Office of Fair Trading (OFT) is considering whether to refer the BTR bid for Pilkington to the Monopolies Commission. A referral can be made if the OFT think the bid threatens the public interest. We need therefore a clearer definition of the public interest.

The Pilkington defence document defines the role of business as "the long term creation of wealth for our shareholders, our employees, our customers and the communities in which we live." To this definition I would add suppliers as one of the company's stakeholders. But what does wealth creation mean in this context? For customers, wealth is created by good products; for shareholders, it is created by dividends and a rising share price; for employees it is created by jobs; and for suppliers it is created by purchases. So long as the company trades fairly with each of these stakeholders, wealth will be created by business activity that earns a profit. A company is acting in the public interest so long as it makes good products, creates wealth for shareholders and trades fairly with its stakeholders.

The OFT's role, as its name implies, is to ensure that companies trade fairly. So long as they do, the company interest and the public interest are aligned. The market activities of the private sector can then be *allowed to operate freely in* a process that works to put resources in the hands of the nation's wealth creators.

Since the OFT monitors fair trading continuously, its role in a bid is to assess whether fair trading may be threatened. Under *Norman Tebbit this* meant that the OFT only referred bids when competition was likely to be substantially reduced, giving some monopoly power to the combined companies.

Your correspondent Martin Dickson suggests, in "Takeover policy under the magnifying glass," (January 9) that in the case of BTR's bid for Pilkington, the OFT should consider other issues. He lists research and development expenditure, investment in priority regional areas and ambition for global leadership as items the OFT should "weigh up." I strongly disagree.

Neither the OFT nor the Monopolies Commission are capable of judging whether Sir Owen Green's research policy or global strategy are likely to be better than those of Anthony Pilkington; and regional policy is the remit of government, not business.

The OFT should focus only on the issues of fair trading. It should only refer the BTR bid if it believes the combined companies will fail to trade fairly with their stakeholders.

Andrew Campbell.
Centre for Business Strategy,
London Business School,
Sussex Place, NW1.

Private post

From Mr G. Speaght.

Sir,—Your Leader on possible privatisation of the post system (December 30) was curiously defeatist. There is no point in having a threat to introduce competition unless you really mean it.

There is absolutely no reason why people should not be allowed to pay for organisations other than the Post Office to transmit their letters. Moreover, there was a time when we could trust the liberal values of great organisations like public education, broadcasting, etc. But we have seen that one danger of monopoly organisations is that of politicisation.

It is important that the state should not have a monopoly of delivery of mail — not just because *of inefficiency* but also because the sender and the receiver need the security of a system which is not necessarily under state or trade union surveillance.

Guy Speaght.
1, Fitzroy Road,
Tankerton, Kent.

Insider dealing

From the Head,
Department of Accounting and Finance,
University of Lancaster

Sir,—Professor Myddelton (January 8) has drawn the wrong message from modern financial theory in alleging that "honest investors" are unharmed by insider dealing because *of the distinction* between "unique" and "systematic" risk.

Finance theory is primarily concerned with the use of publicly available information. The insider, by definition, takes advantage of unpublished information and trades upon his expectations of the market reaction when this information becomes publicly available. Finance theory assumes this information will be made public virtually without cost. The extent to which the insider makes a profit from exploiting his knowledge harms the market.

As quite a distinct matter, it may be that making insider dealing a criminal offence (1980 Companies Act) was a mistake. Plausibly it only has the effect of the raising the risk, and the returns, to the insider dealers. Moreover, insider dealing has the effect of bringing information to the market, *and the harm* caused by insider dealers may perhaps still be outweighed by the benefits from a fuller information flow. This would only be true, however, if companies were themselves tardy in publishing price-sensitive information for the benefit or all users.

M. J. Mumford.
Lancaster.

EEC retaliation against the US

From Mr W. Jones

Sir,—It would appear from your report by William Dawkins in Brussels (January 9) that our lords and masters at Brussels are so keen to have a fight with the US that they do not mind in the least what damage is done to their own citizens!

It appears that the EEC is examining imports from the United States with a view to selecting some of them for *punitive treatment.* This will undoubtedly create difficulties for some American farmers or producers but is unlikely to do any damage to the career or bank balance of any American official or politician. Equally, many traders or end users in *Europe will suffer loss and be* caused hardship by a sudden fiat deliberately intended to wreck the trade they have been doing. May God save the citizens of Europe from the belligerence and obstinacy of their leaders!

W. A. N. Jones.
c/o W. H. Jones and Co,
17, Oakleigh Park North, N20.

Congested travel

From Mr R. Bonwit

Sir,—Mr Botwood's plea (January 6) for more runway space in the Greater London area may be overtaken during the next decade by the inauguration of high-speed rail services through the Channel tunnel. These could serve southern England, the Low-lands, France as far south as Lyon and Toulouse, and the Rhineland conurbations of Cologne and Düsseldorf. Extending the coverage to cities within 4½ hours' real travelling time from London would include Hanover, Frankfurt and Bordeaux, leaving only Marseilles, Hamburg, Scandinavia and Munich to be served exclusively by air. The ensuing transfer of high-density air to high speed rail services would considerably ease the growing pressure on airport runway facilities near London and the flight density on the Continental routes served by them. Indeed, there appears no other way of saving millions of inhabitants of southern England from persistent aircraft noise.

Sponsors of the Channel tunnel should make intermodal transfer of medium-distance passengers from air to rail possible by abandoning the more extravagant plans *for* very short-distance rail shuttle services and transferring construction and operational funds thus saved to the provision of a high-speed link between the tunnel and central London.

Much of the long-distance freight services through the tunnel would consist of container trains; the load could be easily transferred, both between road and rail and between the British and Continental loading gauges—by the creation of a transfer station near Reigate.

Ralph Bonwit,
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames, Oxon.

British Airways offer

From the Chairman,
Wider Share Ownership Council

Sir,—The policy adopted by the Government over this issue is perhaps receiving more praise than it deserves.

The income and *capital* growth potential of British Airways shares may indeed be regarded as more volatile than that of British Telecom or British Gas. No responsible adviser would recommend them as the only (or even the first) equity holding for the smaller investor. It is therefore entirely right that the offer should not be the subject of a mass publicity campaign. That does not however justify the restriction of shares available to the British public of only a little over 20 per cent, with a "clawback" of 15 per cent in the event of considerable oversubscription.

Whatever may be the case for reserving a proportion of these issues for overseas investors, any material reservation in favour of UK institutions is basically incompatible with a commitment to wider share ownership. Such a commitment requires that the institutions should act merely as underwriters (for which of course they get paid). Since British Telecom the *authorities* have been making welcome progress in that direction; with British Airways they are backsliding on the clawback.

This council entirely agrees with the Minister of Transport about the desirability of deepening share ownership as well as broadening it, but among 8m people owning shares there must be now quite a number for whom British Airways could well be an element in the deepening process.

Edgar Palamountain.
94 St Paul's Churchyard, EC4

FINANCIAL TIMES
Tuesday January 13 1987

SECOND EXECUTIVE LEAVES BRITISH DRINKS COMPANY

Guinness finance director quits

BY CLIVE WOLMAN IN LONDON

MR OLIVIER ROUX yesterday resigned as finance director of Guinness, the British drinks company being investigated by the Department of Trade and Industry, five days after his fellow directors publicly implicated him in the possible misuse of company money.

Mr Roux's resignation was submitted on Sunday and accepted "with regret" by the board yesterday. It follows the enforced departure of Mr Ernest Saunders, the former chairman and chief executive, on Friday. The two were deeply involved in the illicit use of Guinness money to boost and support the Guinness share price at an inflated level during the final stages of its takeover battle for Distillers last year.

Following revelations about the extent of the share support operation, Mr Roux said yesterday that he wrote a letter to Kingsley Napley, the firm of solicitors advising Guinness, which was received on Monday morning, January 5. Mr Roux has not been in the Guinness offices since before Christmas. He said the letter was passed to the DTI inspectors who requested a meeting with him on January 6. This took place on Friday, January 9, he added.

But Mr Roux's fate was effectively sealed at the board meeting of Guinness directors, at which he was not present, on January 8. Afterwards, the directors issued a statement saying that they had been briefing themselves on the affair through several meetings "including meetings with Mr Olivier Roux." No other name was mentioned.

Once the substance of his evidence to the DTI was passed in a letter to his fellow executive directors last Friday, not only his position but that of Mr Saunders became untenable.

Mr Roux, who appeared to be in a cheerful mood yesterday evening, was appointed a consultant to Guinness in 1982 by Mr Saunders, shortly after he took control of the company. He became a non-executive director in July 1984 for a fixed term of three years and became director of financial strategy and development in 1985. His position is unusual in that his salary was, and continues to be, paid by Bain and Co, the US-based management consultancy, which seconded him to Guinness.

Meanwhile the focus of attention is shifting back to Morgan Grenfell, the merchant bank adviser to Guinness during the takeover battle, some of whose directors were involved in the illicit share support operation. The bank is planning a major organisational restructuring to strengthen its central management and speculation has been growing about the position of its chief executive, Mr Christopher Reeves.

It is felt that he must have known about the Guinness share support operation, which breached several sections of the Companies Act.

Last night, the bank issued a statement saying that Mr Reeves continued to enjoy the confidence and support of his fellow directors which was shared throughout the organisation.

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday strongly counter-attacked against Labour's criticism of the Government's attitude to the City of London. Speaking at the Hanson Trust Achievement Award lunch, Mr Tebbit emphasised the Government's "determination that the City's financial markets shall be clean and honest places in which to do business. We need no lessons from Labour politicians."

In an intervention underlining the Government's concern about City affairs becoming a major political issue, Mr Tebbit argued that insider trading was still entirely legal under the last Labour government, which had failed to act against that abuse.

Pentagon export curbs cost $9bn

BY NANCY DUNNE IN WASHINGTON

PENTAGON controls over the export of strategically sensitive high technology products are costing the US $9bn in lost revenues a year and 188,000 jobs, according to a study prepared by the prestigious National Academy of Sciences.

The long-awaited report, prepared by an Academy panel, recommends that the Pentagon loses its "de facto veto" over sales of high technology exports, according to the Washington Post newspaper which obtained a copy of the still-unreleased study.

The report is likely to reinforce pressure for a relaxation in US export controls over high technology products. It comes as American high technology manufacturers are preparing to mount an intense lobbying campaign in Congress to ease export restrictions on the grounds that they are hurting US competitiveness.

US manufacturers claim they are losing sales to European and Japanese competitors because the Pentagon imposes excessive restrictions on exports in an effort to ensure they do not reach the Eastern bloc.

The new study supports the business view, saying that controls "have greater potential to damage the US economy than ... reduce exports to the Eastern bloc." It says that controls should accord greater importance to maintaining "US technical strength, economic vigour and Allied unity."

Many other studies have reached similar conclusions. However, the latest one is expected to carry particular weight because the Academy committee includes former defence and intelligence officials. It is headed by Mr Lew Allen Jr, former Air Force Chief of Staff.

Another member, Mr Bobby Ray Inman, former director of the National Security Agency, was responsible for the release of a Central Intelligence Agency report in 1982 which raised the alarm about a "haemorrhage" of US technology to the Soviet Union.

The report backs the industry line in asserting that export controls have added to the US trade deficit. It found in Europe "a clear trend toward non-US sourcing" and found that in the view of Europeans the US was not a credible supplier.

A recent study by the Pentagon estimated that the US had saved $7.3bn to $14.6bn because export controls had denied Moscow certain technologies. The Academy panel, however, said the Pentagon had refused to supply information backing up its estimates.

Arctic weather engulfs Europe

Continued from Page 1

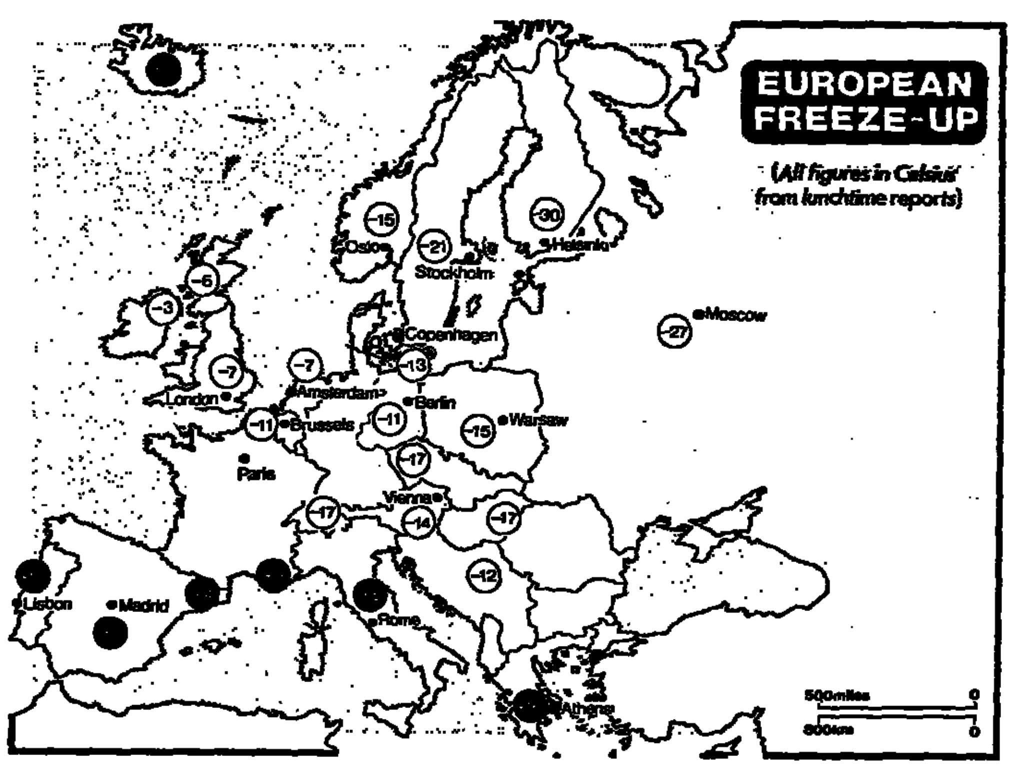
earnings. However, the cold weather elsewhere in Europe will help strengthen the oil price giving a badly needed boost to Soviet foreign trade in 1987.

Crude oil from Britain's North Sea Brent field was selling at $18.80 a barrel yesterday, up 50 cents.

France's hopes of getting through the day without power cuts were dashed yesterday as sub-zero temperatures overloaded circuits and damaged power stations, causing severe cuts in Brittany and the Paris region.

Temperatures reached a record -33° C at Mouthe, in the Doubs region near the Swiss border. Paris suffered its coldest night since 1895, with a temperature of -12° C,

In West Germany, a country well used to coping with snow, the icy conditions disrupted public transport. Hardest hit were Hamburg and other northern regions where the weather caused traffic jams



Oil prices rise on both sides of Atlantic

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

THE bitterly cold weather throughout Western Europe, with the promise of a continued wintery spell, helped push up prices for crude oil and refined products on both sides of the Atlantic yesterday.

The spot price of Brent crude for February delivery rose 40 cents to $18.78 per barrel, while in the US, the spot price of West Texas Intermediate blend reached $19.20 in brisk trading for a time, before falling back to about to $19 per barrel by mid-morning.

Traders reported that buying demand from Western Europe had put pressure on supplies usually available to the US. Demand for petroleum products, particularly heating oil, was also strong, with prices firm.

Latest statistics from the US Energy Department show that US domestic production of oil has fallen by 8.5 per cent, or an average of 800,000 barrels a day, since the oil price started to collapse a year ago. This is a larger fall than was generally estimated and is likely to help stabilise prices at around present levels.

Demand for crude among European refiners has been strong, despite the existence of large stocks, partly because oil companies have been reluctant to enter into longer term fixed price contracts with Opec (Organisation of Petroleum Exporting Countries) producers.

Since the smaller independent petrol retailers buy in their supplies at close to the Rotterdam spot prices, the market pressure on the major integrated companies has recently eased considerably.

Esso's decision to raise prices was considered premature by some in the oil industry, since a rise in crude prices takes about a month to flow through into the cost of products.

However, Esso appears convinced that the Opec decision in December to cut output in 1987 would be effective in pushing prices back up to the organisation's target of around $18 per barrel – for a while at least.

Consequently they have been anxious to secure as much crude as possible on the spot market before the present system of "netback" pricing is replaced by a fixed price regime for Opec crudes next month.

In the UK, the rise in crude oil prices and the firmness of petrol prices on the Rotterdam spot market encouraged two big oil companies to raise prices at the petrol pumps.

Esso led the way with the announcement of a 6p (9 cents) per gallon increase in the price of four star petrol to around 175.5p from today. Mobil followed, and the other major petrol retailers are also expected to raise prices soon.

Some companies had been hoping for a 10p per gallon rise to reflect the increase in crude prices from around $15 per barrel last autumn to more than $18 now.

Oil prices, Page 34

China's rulers crack down on academics

By Robert Thomson in Peking

PROFESSOR Fang Lizhi, the controversial Chinese astrophysicist who supported the recent wave of student demonstrations aimed at greater freedom and democracy, was dismissed yesterday from his post as vice chancellor of the university where the protests began.

Rumours of a major overhaul in the ruling Communist Party gathered pace last night as the party took its most severe action in the wake of the protests.

Senior party officials began a purge of the University of Science and Technology in Hefei, capital of the central Chinese province of Anhui, sacking both Professor Fang and Guan Weiyuan, the Anhui University chancellor. Guan was accused of neglecting his political duty, according to Xinhua, the official Chinese newsagency.

The sackings, with expectation of more to follow, are a serious blow to academic freedom in China, and the question now, as academics and intellectuals go to ground and adopt a policy of silence, is how widespread this latest crackdown by anti-liberal conservatives will be and how long it will last.

The party leadership has clearly been in turmoil for weeks because of last month's demonstrations, and the strain of the struggle between reformist liberals and the conservatives is beginning to tell.

Party leader, Hu Yaobang is reported to be "fatigued" and unable to receive foreign visitors. News of his illness comes, at a time when Jiang Qing, Mao Zedong's widow, has been reported by the official government Weekly Digest magazine to be close to death. She was portrayed as the main villain in the big power struggle a decade ago as leader of the Gang of Four and has been in prison since the gang's downfall in 1976.

Hu has not been seen in public since late last month, which coincided with the launch of the campaign against "bourgeois liberalism," but most diplomats are convinced that the party leader, a sometime supporter and sometime critic of artistic freedom, is genuinely suffering from a physical, and not a political, illness. However, some diplomats suggest that he has been forced to adopt a low profile because of party faction-fighting in which he is losing.

Fang, who spoke freely with several foreign correspondents, before his political demise, was favourably profiled in a government-run magazine only a month ago. He said that he felt an obligation to speak out on important issues but he certainly did not push a totally Westernisation theory, which is one of his alleged crimes.

The professor, who has apparently been mockingly called "China's Sakharow" by senior officials, was attacked publicly for the first time on Sunday in an editorial in the influential Guangming Daily. He had been cited by some protesting students as a source of inspiration, and a protest poster at Peking University suggested that Fang could be chosen as the country's President if China held an election.

A Communist Party spokesman said yesterday that Fang "advocated bourgeois liberalisation, defamed the party's leadership and party officials, negated the achievements of the party over the past decades, and slandered the socialist system."

"He also sowed discord among the party and the intellectuals, especially the young intellectuals. What Fang has done runs counter to the fundamental interests of the people and the party. It is intolerable," the spokesman said. Both Fang and Guan have been assigned work as researchers at the Peking observatory.

A leading party theoretician, Su Shuangbi, who wrote Sunday's attack on Fang, said in an interview yesterday that propaganda officials are under fire

THE LEX COLUMN

No venom in the Snake

Making money could not be simpler than in the foreign exchange market, it seems. Last week, sellers of the French franc and buyers of the D-Mark could not go wrong. After the weekend realignment of the EMS, that game could be profitably closed down, leaving dealers free to play the only other table in the casino – and sell the dollar.

It may be that the ease of making money elsewhere was the reason for such a modest EMS realignment working so well, at least on day one. The finance ministers' agreement was so clearly politically-motivated, and made so little attempt to ease the real strains in the EMS, that observers can confidently predict the need for another meeting by the summer. Yesterday's renewed weakness in the dollar, which was after all the underlying reason for the EMS tension, is the main threat to future stability, although the intransigence of some EMS partners comes a close second.

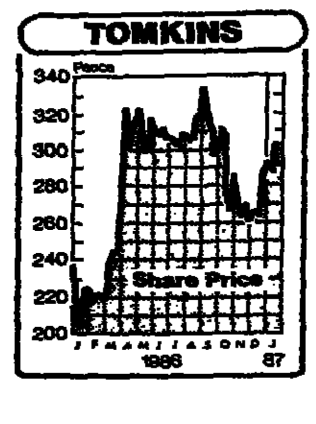
While the spotlight was swinging from the EMS to the dollar yesterday, sterling was happy to stay in the shade. January is not January without a sterling crisis, and those suffering withdrawal symptoms will have noticed the implied 8.9 per cent devaluation of the pound against the Ecu since the previous realignment. No wonder Jaguar can sell so many cars in the US.

APV/Baker Perkins

Barring some last-minute tiff, a merger of APV and Baker Perkins looks certain. If it happens it will produce the sort of combination made, if not in heaven, at least by a computer dating agency. "Industrial logic" has become almost as jarring a phrase as the pseudo-Greek expression it seems to have replaced, but it will no doubt be claimed as the basis of the deal. It is a justification woolly enough to be used in favour of all kinds of takeovers – such as Siebe's unsuccessful offer for APV last year. This time no one is likely to argue against and the beauty of logic is that it should not incur a Monopolies Commission reference.

The simple split between APV supplying the liquid (milk and beer) end of the food industry and Baker Perkins the solid (bread and biscuits) side makes a merger look neatly complementary. Both companies are working for the same types of, if not the same, customers. There are some common to both, such as the electronic control and monitoring of processes, allowing for some technological synergy (oops). Geographically the two groups' strengths and weaknesses balance up as well. And there is always the being-part-of-a-larger-group advantage to be played as well. As the customers get larger, contracts get bigger in size and value and the suppliers need more financial muscle to cope.

Since APV has the larger market capitalisation, the deal might best be structured as an APV bid for Baker Perkins. A price of 350p or so should secure agreement, suggesting terms of 3 APV (at 594p, up 4p) for five Baker Perkins (up 13p to 338p yesterday, but well ahead of last week's 235p). That would mean some dilution for APV holders, but not for long.



Tomkins

An increase of 285 per cent in interim pre-tax profit – as F H Tomkins announced yesterday – is rather meaningless when you have just acquired a company (Pegler Hattersley) with nearly three times your own pre-tax profit figure. Indeed the figure may actually disguise a decidedly dull period at Pegler, whose last interims produced £8.25m pre-tax on turnover of £82.6m. After including four and a half months from Pegler in these Tomkins figures, the totals have climbed rather gently to £9.26m respectively.

Tomkins cannot be blamed for that especially as two significant Pegler businesses appear to have been badly exposed to the the oil market. However the company could help itself, and its supporters, if it provided more detail about where the profits are coming from. If you are running a clutch of businesses in mature industries there are bound to be ups and downs – as Tomkins admits. But if the overall balance (and earnings growth) looks as good as it does for Tomkins then merely releasing the odd return on capital figure will simply fuel latent anti-conglomerate suspicions. Nevertheless the evidence of just how much scope there is for Tomkins to tighten up the Pegler balance sheet was enough to whet the market's appetite yesterday, and the shares closed up 18p at 304p.

Owens-Illinois

For a management to rebuff the alluring prospect of a leveraged buyout offer from Kohlberg, Kravis has taken some doing in the last couple of years. If the stock is far enough below book value to start with, shareholders appear to be offered a reasonable deal, while the managers and Kohlberg's investors stand to get rich. The stand taken by Owens-Illinois, deciding to buy in a third of its equity and sell off the forest products division to pay down the debt, may possibly mark the first stirrings of a sense that managers may owe their shareholders and employees a better deal than the buyout option seemed likely to achieve.

To a management with a company town on its conscience, and a desire to undo the diversification into timberlands in any event, taking the company private and gearing it up may have seemed an unnecessarily unpopular detour. It was also not the only way of obtaining some extra souped-up options for the directors.

Bryant trustees

The battered-looking principle that all is fair in love and takeovers seems to have won three new adherents, trustees of the Bryant pension fund. Previously blind to the charms of Bryant equity, these trustees have recently decided to invest 10 per cent of the fund in Bryant shares. As is the way with latecomers, the Bryant pensioners have not exactly got in on the ground floor; they have, indeed, bought some of their holdings above the price set by the offer from English China Clays. It is hard to see how this policy can achieve anything but a performance well below the average, particularly if Bryant retains its independence. It almost renders comment superfluous to say that the trustees of the Bryant fund are better-known in their capacity as directors of Bryant.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	8	43	Dubrovnik	C	6	43	Malta	F	14	57	Rhodes	F	16	61
Algiers	S	17	63	Edinburgh	Sn	-4	25	Manchester	S	-6	21	Rio de J'o	S	37	99
Amsterdam	S	-7	19	Faro	R	14	57	Manila	S	32	90	Rome	C	5	41
Athens	S	16	61	Florence	F	2	36	Melbourne	S	20	68	Salzburg	S	-14	7
Bahrain	S	18	64	Frankfurt	Sn	-11	12	Mexico City	S	19	66	San Francisco	C	4	39
Bangkok	S	30	86	Funchal	F	20	68	Miami	S	7	45	Seoul	Sn	-6	21
Barcelona	C	4	39	Geneva	F	-12	10	Milan	S	-4	25	Singapore	R	24	75
Beirut	–	–	–	Gibraltar	C	13	55	Montreal	Sn	-4	25	Stockholm	S	-21	-6
Belfast	S	-3	27	Glasgow	Sn	-6	21	Moscow	Sn	-27	-17	Strasbourg	Sn	-13	9
Belgrade	Sn	-12	10	Guernsey	S	-7	19	Munich	Sn	-16	3	Sydney	C	23	73
Berlin	Sn	-11	12	Helsinki	S	-30	-22	Nairobi	S	25	77	Taipei	F	19	66
Biarritz	F	-7	19	H. Kong	S	20	68	Naples	C	8	46	Tangier	R	17	63
Bombay	S	27	81	Innsbruck	S	-14	7	Nassau	S	28	82	Tel Aviv	S	17	63
Bordeaux	C	-9	16	Inverness	F	-6	21	New Delhi	S	18	64	Tenerife	S	22	72
Brussels	F	-11	12	Islamabad	C	19	66	New York	C	2	36	Tokyo	C	4	39
Budapest	F	-17	1	Istanbul	S	13	55	Nice	F	3	37	Toronto	C	0	32
B. Aires	S	29	84	Jakarta	R	31	88	Nicosia	C	13	57	Tunis	S	14	57
Cairo	C	15	68	Jersey	S	-7	19	Oporto	F	14	57	Valencia	R	8	46
Cape Town	S	23	73	Jo'burg	F	27	81	Oslo	S	-15	5	Venice	S	-4	25
Caracas	C	27	81	Lima	C	26	79	Paris	S	-6	21	Vienna	Sn	-14	7
Casablanca	C	19	66	Lisbon	F	15	59	Peking	S	-4	25	Warsaw	Sn	-15	5
Chicago	S	-2	28	London	S	-7	19	Prague	Sn	-17	1	Washington	S	-1	30
Cologne	F	-10	14	Los Angeles	F	12	54	Reykjavik	R	3	37	Zurich	S	-17	1
Copenhagen	S	-13	9	Luxembourg	F	-13	9								
Corfu	F	13	55	Madrid	R	1	34								
Dallas	–	–	–	Majorca	F	11	52								
Dublin	Sn	-13	27	Malaga	D	9	48								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Judge clears non-sterling capital

BY RAYMOND HUGHES AND DAVID LASCELLES IN LONDON

A BRITISH High Court judge yesterday finally removed doubts about the legality of UK-registered companies changing from sterling to non-sterling capital by granting requests from the UK subsidiaries of two US institutions.

The approval to switch into dollars, granted by Mr Justice Vinelott to Merrill Lynch International Bank (MLIB) and five English subsidiaries of Manufacturers Hanover Corporation is expected to pave the way for requests by other banks seeking to protect themselves from currency fluctuations in this way.

Merrill Lynch immediately announced last night that it had approved an increase of MLIB's capital of $45m, bringing it to about $80m. Mr Michael Giles, managing director, said: "The change in the capital base to US dollars will enable MLIB to plan ahead better, as most of our business is in dollars." The capital will be used to expand the bank's private banking and foreign exchange business, he said.

The judge endorsed a ruling made last month by Mr Justice Harman, who held that Scandinavian Bank Group could have a multi-currency share capital.

That decision, Mr Justice Vinelott said, plainly accorded with the law and it must follow that a company could have a single foreign currency share capital.

None of the difficulties with which Mr Justice Harman had had to grapple really applied to a single foreign currency case, provided the company concerned was not a public limited company, which had to have a £50,000 ($73,500) authorised minimum capital in sterling, Mr Justice Vinelott said.

Bankers said last night that the combination of the Scandinavian Bank and yesterday's decision increased the likelihood that several banks would now switch their capital, particularly those owned by a small number of shareholders who would readily approve the change.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday January 13 1987

Owens-Illinois rejects plan for $3.3bn buyout

BY JAMES BUCHAN IN NEW YORK

OWENS-ILLINOIS, the largest maker of glass containers in the US, yesterday rejected a proposal from Kohlberg Kravis Roberts, the Wall Street investment firm, to take the company private in a $3.3bn leveraged buy-out.

The announcement from Owens-Illinois – the packaging company based in Toledo, Ohio, which has expanded into health care and financial services, – surprised Wall Street, where Kohlberg's $55 a share offer was assumed to be friendly.

Owens' share price immediately fell $4⅝, or almost 10 per cent, to $50⅝. Owens said Kohlberg had agreed not to buy any of the group's securities until the end of 1989.

Owens, a constituent of the Dow Jones industrial average index, said that a committee of outside directors had unanimously recommended rejection. The board of Owens, which includes managers invited to take part in the Kohlberg plan, said it believed that "greater long-term values can be achieved for stockholders" through the disposal of about $18bn in assets. The repurchase of a third of the shares outstanding and new operational cost controls expected to save 30m a year.

In a leveraged buy-out, a group of investors and management borrow heavily against the company's assets and cash-flow to buy shareholders out. The debt is repaid through operational funds or the sale of assets.

Owens' rejection of the Kohlberg offer is regarded on Wall Street as significant for the recent spate of corporate takeovers and buy-outs. "A major Dow stock is saying it can do everything a take-out specialist can do and still retain control," said Mr Arthur Stupay, an analyst with Prescott, Ball & Turben in Cleveland.

Owens said that the asset disposals would include its forest products business. Analysts believe that Owens' timberlands, mills and corrugated-box factories would raise about $650m. However, Owens said that it remained committed to its fast-growing nursing-home business.

The company also said that it would buy back 20m shares. Owens, which earned $156m, or $2.62 a share, on sales of $3.67bn in 1985, said that it expected to earn $2.90 to $2.95 a share in 1986 and $4 a share before extraordinary charges in 1987. Management is seeking to increase per-share earnings by 12 per cent compound to 1991.

Loral agrees to buy Goodyear Aerospace in $640m cash deal

BY WILLIAM HALL IN NEW YORK

LORAL, the fast-growing US defence electronics group, has entered a definitive agreement to buy Goodyear Aerospace, one of the US tyre giant's most successful operations, for $640m in cash.

The acquisition is a major expansion for New York-based Loral, which last year lost out to Lockheed in a $1.2bn takeover bid for Sanders Associates, a bigger but less profitable rival.

Mr Bernard Schwartz, Loral's chief executive, described the acquisition as a significant step in the expansion of his group's presence in the defence electronics market.

Goodyear Aerospace is involved in reconnaissance and radar systems, tactical weapon systems, mobile launchers and weapon delivery systems as well as military aircraft wheels and brakes. Among the contracts for which it is competing is a multibillion dollar programme to build naval airships.

"It is an excellent strategic and technical fit with Loral and offers opportunities for synergies that should result from combining our highly technical skills and programme bases," said Mr Schwartz. The acquisition will boost Loral's revenues to $1.6bn – 90 per cent concentrated in military electronics – and will result in a total order backlog of $2bn. Loral's shares rose by $⅞ to $40½ in early trading yesterday.

In its last financial year ending March 31 1986 Loral earned $53m, or $2.21 a share, on sales of $664m. Goodyear Aerospace had 1986 revenues of $695m, pre-tax earnings of $55m and an order backlog of $900m.

Goodyear put its 75-year-old aerospace operations up for sale as part of a restructuring plan to defeat last year's hostile $5.3bn takeover bid from Sir James Goldsmith, the Anglo-French financier. As part of its successful defeat of Sir James, Goodyear agreed to buy back up to 40m of its shares for $2bn.

Aids drug move by US group

By Our New York Staff

ICN Pharmaceuticals, the California drug company specialising in anti-viral research, said yesterday that it would file an application with the US Food and Drug Administration (FDA) to permit the use of its drug Ribavirin for the treatment of an early form of infection by the Aids virus.

ICN also defended its decision last Friday to release results of clinical trials, which the company said showed that Ribavirin, also known as Virazole, was effective in preventing the development of Aids in some patients suffering from LAS, an inflammation of the lymph nodes that has often progressed to the disease, which is fatal.

Like the UK's Wellcome Foundation, whose Aids drug AZT goes before FDA approval hearings on Friday, ICN's share price has varied widely according to market expectations of progress in the treatment of Aids. Having risen just over $3, or nearly 15 per cent, last Thursday, ICN's stock price fell $4 to $21.25 after a press conference on Friday, amid considerable confusion about the value of the clinical tests. It rose $2⅞ in early trading yesterday.

ICN said that during the tests 163 patients suffering from LAS had received daily doses of Ribavirin or a placebo over 24 weeks. Of 52 patients who received 800mg doses of Ribavirin a day, none developed Aids. Six of 55 patients receiving 600mg developed the disease and 10 of the 56 prescribed the placebo progressed to Aids.

Analysts and doctors complained that the release of the findings was premature and that they were confused by the sharp improvement in results achieved by a small difference of the Ribavirin dosage. ICN said yesterday that it was obliged to inform patients of the results and therefore had to publicise them to quell rumours.

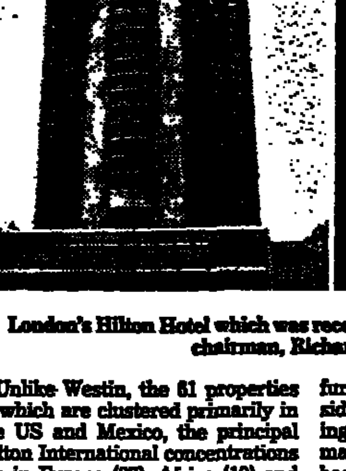
David Owen examines the $980m purchase of Hilton hotels

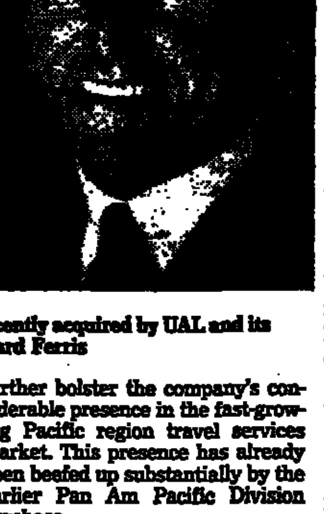
UAL travels towards its target

UAL'S objective to create the premier international travel services company bears an uncanny resemblance to the aims of another Chicago company. Beatrice's one-time goal was to emerge as the world's premier marketer of food and consumer products.

A much-humbled Beatrice is, of course, now hurriedly restructuring after being taken private in last year's huge $6.2bn leveraged buy-out by Kohlberg, Kravis Roberts. UAL, the holding company for United Airlines, Hertz Rent-A-Car and Westin Hotels, by contrast, took another step towards fulfilling its ultimate ambition with the recent $980m purchase of the Hilton International hotel chain from Transworld. The deal followed the withdrawal of a $975m bid by KLM when the Dutch flag airline's supervisory board unexpectedly vetoed the proposed acquisition.

The move is indicative of the group's continued capacity to finance its ambitions, notwithstanding a sharp increase in overall indebtedness during 1985. Long-term debt rose 167 per cent from year-earlier levels to $2.65bn or 56.7 per cent of total capitalisation in 1985, a year in which UAL, which is chaired by Mr Richard Ferris, acquired both Hertz and Pan Am's Pacific Division and placed a $3bn aircraft order with Boeing.





London's Hilton Hotel which was recently acquired by UAL and its chairman, Richard Ferris

While the Hilton chain will initially contribute only about 7.5 per cent of corporate operating revenue, the move is significant both for further reducing the group's reliance on the turbulent airline sector and greatly expanding UAL's geographical range in the luxury hotel market.

Unlike Westin, the 61 properties of which are clustered primarily in the US and Mexico, the principal Hilton International concentrations are in Europe (27), Africa (19) and Asia (18). Ironically, Chicago is one of the few locations where the two chains compete, with Hilton International's prestigious Drake Hotel situated within hailing distance of the Westin on the city's Golden Mile.

The Hilton chain's substantial European and Asian interests are both particularly attractive to UAL, although for rather different reasons.

The European facilities will help shore up what has (Hertz expected) up to now been something of a gap in its global coverage – a gap which the group is further endeavouring to rectify by, in the words of company spokesman, Mr Matt Gonring, "pushing Apollo" (UAL's computer reservation service). Domestically, close to a third of all travel agencies use Apollo for making airline, hotel and car rental bookings.

The Asian hotels, meanwhile, will further bolster the company's considerable presence in the fast-growing Pacific region travel services market. This presence has already been beefed up substantially by the earlier Pan Am Pacific Division purchase.

Even with Hilton included in the UAL stable, United Airlines will still account for some 71 per cent of corporate operating revenues, compared with 17 per cent for Hertz and 12 per cent for the two hotel chains.

The stabilising effect of the group's expanding clutch of non-airline businesses on the corporate balance sheet should not be underestimated, however. While, as analysts point out, there is nothing counter-cyclical in UAL's portfolio of businesses which are still exclusively travel-related, the hotel companies in particular have been relatively consistent earners in recent years – despite the sector's own problems of overcapacity and increasingly competitive discounting in many areas.

Operating earnings at Westin have held reasonably steady between $52.2m and $74.9m over the five years since 1981. Meanwhile, although first nine-months 1986 operating earnings at Hilton International are regarded by some analysts as disappointing at $43m on revenues of $548m UAL points out that the chain has been profitable on an operating basis each year since its foundation in 1949.

This is in stark contrast to the situation at United Airlines itself where operating earnings have swung erratically between a gain of $564.1m in 1984 and a loss of $242.7m in 1985, with obvious repercussions for the group's overall profitability.

UAL's Mr Gonring explains this discrepancy in what are, after all, directly-related businesses by pointing out that the airlines' problems have generally stemmed from heavy discounting in the wake of the industry's 1978 deregulation. This discounting has actually served to attract more, not fewer passengers. Hence the continued heavy demand and more consistent levels of profitability for related services, such as hotels and hire cars, the fee structures of which have been less excessively eroded.

Many analysts now believe, in the words of Shearson Lehman's Mr Robert Joedicke, that "airline earnings may be less cyclical over time."

While UAL's 1986 net profits, running at a disappointing $25.2m – 57 cents a share – in the first nine months, are unlikely to set pulses racing, many – including Mr Joedicke – evidently feel that it may be a different story in 1987. "I estimate that UAL will make $8 per share this year," he says.

Pharmacia raises $33m for research

By Our Financial Staff

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, has raised SKr 225m ($33.5m) from Swedish companies to finance its research into biosensors.

Biosensors are used to detect and measure biochemical substances such as proteins in blood serum and other body fluids. They can detect substances which are present in very low concentrations almost instantaneously, and so are faster than the traditional methods of analysis.

Pharmacia has been working on biosensor research, its single largest project, for several years. However, while the group plans to spend about SKr 800m on various research projects in 1987, it needed additional outside financing for the biosensors project so that research would not be delayed, giving an edge to competitors.

The financing for Pharmacia Sensor, a limited partnership company, was raised through a private placement with about 20 different insurance, investment, and industrial companies, which put up SKr 5m – SKr 20m each.

This SKr 225m will go towards research and development. Pharmacia Sensor hopes to market its first product by the early 1990s. The products will be manufactured and marketed by Pharmacia, which has agreed to pay royalties.

Pharmacia expects the biosensors to be used particularly for diagnostics and biotechnology and says they could be used for quick analyses in doctors' surgeries

Teledyne earnings hit by lower asset sales

BY ANATOLE KALETSKY IN NEW YORK

TELEDYNE, the Los Angeles-based manufacturing and financial services conglomerate, reported net profits of $47m in the last quarter of 1986, against $98.6m the year before. Full-year net profits were $238.3m, or $20.35 a share, against last year's $546.6m, or $46.66 a share.

The main reason for the decline has been different rates of asset disposals in the two periods, with capital gains from the sale of investments amounting to only $4.2m in the fourth quarter of 1986, against $30.8m in 1985. The year-ago fourth-quarter figure also included income of $22.4m from the Argonaut group of insurance companies, which Teledyne spun off to its shareholders last September.

Disregarding capital gains and Argonaut earnings, Teledyne's net profit declined from $44.3m in the fourth quarter of 1985 to $42.7m in the latest quarter. Results for the whole of 1985 were also affected by a $81.7m capital distribution from Litton Industries, in which Teledyne is a major shareholder.

Excluding all capital gains, Argonaut earnings and the Litton distribution, the 1986 net profit came to $204.8m, or $17.48 a share, against $226.8m, or $19.38, in 1985.

Teledyne's operations encompass high-tech industries such as controls, communications and aerospace, and traditional manufacturing operations such as iron castings and financial services.

Apple expands range

BY OUR FINANCIAL STAFF

APPLE COMPUTER, the California-based computer maker, has introduced an updated version of its long-lived 11e Personal Computer.

Mr Delbert Yocam, executive vice president and chief operating officer, said the launch of the latest version completes a revitalisation of the Apple 11 range which was begun in September last year with the 11gs, the addition of a memory expansion module for the 11c and several new peripherals.

The suggested retail price for the 11e is $829, the same as that for the existing model. The updated version has an expanded keyboard with a built-in numeric keypad and includes improved training and reference materials.

The new 11e will be available immediately. The Apple 11gs upgrade kit, which will be available this month at $499 plus installation costs, gives the 11e the same compatibilities as the 11gs model and maintains compatibility with more than 90 per cent of the available Apple 11 programs.

Separately, Apple has named Mr John P. Karalis as vice president and general counsel,

Lower prices hit profits at Rand Mines

By Kenneth Marston, Mining Editor

RAND MINES, the South African mining group, reports lower profits from its gold mines for the December quarter of last year. This reflects lower bullion prices received – compared with the record levels of the preceding quarter – and a fall in gold output.

Harmony mine, producing gold and uranium, has maintained its ore output, but gold production has suffered from a fall in the ore grade. Uranium revenue is also down, but the fall has been cushioned by a tax recoupment following a tax charge in the previous quarter.

A fall in the tonnage milled at Blyvoor has been reflected in a sharper-than-average rise in unit costs. The gold price received, meanwhile, has fallen over the latest quarter to R29,503 ($4,470, at commercial rand rates) per kilogramme from R30,552.

The marginal Durban Deep mine reports a fall in both production and gold prices received but sharply higher capital spending.

East Rand Proprietary production is also down, and the resultant net loss for the quarter is larger than the previous three months, when there was a tax rebate to be taken into account.

Daishowa Paper to move into Canada

BY ROBERT GIBBENS IN MONTREAL

'AISHOWA Paper Manufacturing, apan's largest paper maker, is expected to buy St Anne Nackawic ulp and Paper Company, a medium-sized pulp producer, near Fredericton, New Brunswick in Canada, om Parsons and Whittemore of e US for a sum reported to be me C$100m (US$72m).

Daishowa is already a major customer of the St Anne mill, and few erating changes will occur in the ort term.

The rise in the yen has made industrial investment in Canada more tractive to Japanese companies.

1980 Oji Paper Company and itsui Co bought a third of the big alhousie, MB, newsprint mill of P, a subsidiary of Canadian Pacific and has since become a major stomer.

The Hudson's Bay Co, Canada's lest company, is getting out of the r auction business.

Management of Hudson's Bay Co Fur Sales Canada, the fur auction subsidiary, plans to buy the company for an undisclosed sum. The Canada Mink Breeders Association and the Canada Fox Breeders Association will have equity interests in the continuing operation.

The deal carries use of the Hudson's Bay name for five years.

● Bidding for Teleglobe Canada, the state-owned corporation which handles all Canadian telecommunications overseas, has closed, and the Government hopes privatisation can be completed by late February.

Bidders include Canadian Pacific, Power Corporation of Canada and a group led by the Caisse de Dépôt et Placement du Québec, investment arm of the Quebec Pension Plan and, it is believed, the Belzberg interests of Vancouver. Others may have entered bids by the deadline late on Friday.

The Government has disqualified a bid by the telephone companies through Telecom Canada for 40 per cent of Teleglobe, saying it did not meet several conditions.

The Government is seeking about C$500m ($365m) for Teleglobe, C$100m over the book value.

The Government says Telecom Canada can bid in partnership with other interests, but its total stake must not exceed 40 per cent. None of the bids submitted by Friday involved Telecom Canada.

● The Montreal Exchange's (ME) new platinum certificate will allow investors to trade in the metal without having to take physical delivery, saving costs and delays associated with storage and verification.

Traders can choose beyond buying or selling physical commodity or trading platinum futures.

Guardian Trust in Montreal is handling posting of prices during trading hours and guarantees any order up to 100 troy ounces will be filled at publicly quoted prices.

The platinum certificates are quoted and traded in US dollars, and the minimum order is 10 ounces. Bid-ask spreads are $3 with normal price fluctuation being 10 cents.

The certificates can be bought with 25 per cent down, like gold and silver certificates now traded on the ME. Registration is handled electronically through a book-based Canadian depository for securities. Taking possession of an actual certificate incurs a service charge. Transactions will be settled on the second business day after the order is executed.

● Japanese steel firms are asking further price and volume concessions from Quintette Coal, the Denison Mines subsidiary which has as 15-year contract to deliver 5m tonnes of metal annually at a current base price of $102 a tonne from its British Columbia plant.

Thai bank told to write down capital by 95%

By Peter Ungphakorn in Bangkok

THE BANK of Thailand, the country's central bank, yesterday ordered Siam City Bank, ranked ninth out of 16 Thai commercial banks, to reduce the value of its capital by 95 per cent and launched a rescue operation that should bring in new management.

The move comes several days later than expected as the troubled bank's shareholders, dominated by the Mahadumrongkul family, tried to negotiate further postponements in the deadline to increase capital from 800m baht ($30.66m) to 1.8bn baht. The original deadline was December 31, with another 500m baht required by the end of 1987. Existing capital will now only be worth 40m baht.

Precise details of the bank's difficulties are still hard to obtain, although bad and doubtful debts are estimated at about 3bn baht. Mr Kamchorn Suthirakul, the central bank governor, said Siam City's nominal 800m baht capital did not cover accumulated losses.

The first phase of the rescue package involved issuing 1.5bn baht in new shares. Existing shareholders have two weeks in which to take up options, and then new shareholders will be sought. The central bank is prepared to use up to 500m baht of a special rescue fund to buy unsold shares and will appoint "co-ordinators and advisers."

HWT bid delayed by legal action

BY CHRIS SHERWELL IN SYDNEY

COURTS IN Melbourne and Brisbane yesterday adjourned hearings initiated by Mr Robert Holmes à Court as part of a legal efford to stop Mr Rupert Murdoch taking over the Herald and Weekly Times (HWT) media group.

Mr Holmes à Court, whose competing offer for HWT was superseded by Mr Murdoch's improved bid last Friday, worth some A$2.25bn (US$1.5bn), sought a permanent injunction to prevent Mr Murdoch, as a US citizen, acquiring more than 15 per cent of the group. He has won a temporary injunction.

Existing rules limit foreign ownership of broadcasting companies to 15 per cent. Mr Murdoch is Australian-born, but took out US citizenship when he expanded his media business empire to America. HWT, owns five radio and two television stations.

Mr Murdoch's New Corporation, in its takeover document for HWT, has admitted that it would technically infringe the rules, but says it has received legal advice that selling the broadcasting assets within six months would make suspension of the licences unlikely.

New Corporation has also indicated that its ownership structure has undergone a change, presumably to circumvent the problem.

In Brisbane lawyers for Mr Holmes à Court yesterday argued that Mr Murdoch's separate offer last Friday for Queensland Press, the largest shareholder in HWT, would have given Queensland Press shareholders an unfair advantage over other shareholders in HWT.

They said shareholders should decide at a meeting whether to accept Mr Murdoch's bid or an earlier one from the Sydney-based aFirfax Group.

Mr Murdoch's offer of A$23 a share eclipsed one from Fairfax of A$20. It was conditional on Queenslald Press accepting Mr Murdoch's latest offer for HWT and was subject to a 5 pm deadline.

The Queensland Press board decided it was inappropriate to respond, citing the legal move in the Molbourne court by Mr Holmes à Court. The Murdoch bid ist now said to have lapsed.

Queensland Press owns 24 per cent of HWT. Mr Murdoch's offer valued the Brisbane company at $1.05bn.

The action drove Australian share prices yesterday to another record high, with the All Ordinary index climbing 13.4 points to 1,549.6. Queensland Press shares finished at A$22.

Japanese lines plan big cuts in ship jobs

By Yoko Shibata in Tokyo

TWO OF Japan's leading shipping lines yesterday unveiled plans to shed nearly half their seagoing workforce, as part of a rationalisation programme which is also due to bring large-scale disposals of vessels.

Nippon Yusen Kaisha (NYK) and Mitsui OSK Lines (MOL) announced cuts in their onboard personnel of 40 per cent and 50 per cent respectively, to be implemented over the next four years. This is in compliance with a programme set in place last summer by the Shipowners' Association of Japan, which envisages 10,000 job reductions from the industry's existing 22,000 workforce by the end of the 1980s.

The association has also said that as many as 490 deep-sea vessels out of a total of around 600 may be uneconomic, and NYK yesterday disclosed severe cuts in its own fleet.

NYK plans to reduce the number of ships it owns outright or jointly with affiliated shipping companies from a current 100 vessels to between 60 and 70 ships over the next four years. It is to shed 12 uneconomical vessels each year, and newbuilding will be confined to five ships a year. The modernised fleet will be crewed by 1,400, making 1,000 workers redundant accounting for 40 per cent of the current workforce. NYK will make up for the cut in number of ships and crewmen by using more chartered vessels and seamen of foreign nationality.

Japanese crews are among the most expensive in the world, three to five times as costly as South East Asian crews. Shipowners have recently accelerated the trend to "flag out" to registers of other nationalities and to employ seafarers from other Asian countries. However, the larger shipping companies have been hampered by Japan's employment system.

Mr Kiichiro Aihara, president of MOL, said yesterday that his company plans to halve its employment of seamen to 1,000 in the next four years.

HK court gives breathing space to Khoo companies

BY KEVIN HAMLIN IN HONG KONG

THREE companies controlled by Tan Sri Khoo Teck Puat, the beseiged Malaysian-born businessman, were yesterday granted a four-week adjournment by Hong Kong's High Court in a case brought by the Brunei Government to recover National Bank of Brunei loans allegedly totalling more than B$118m (US$54.4m).

The adjournment provides Tan Sri Khoo with much-needed breathing space to work out a financial settlement with the Brunei Government.

The Brunei Government took control of NBB, in which Tan Sri Khoo and family hold a 70 per cent controlling interest in November and effectively closed it down, alleging that Mr Khoo Ban Hock, Tan Sri Khoo's eldest son and NBB chairman, had conspired with three others to defraud the bank.

The Brunei Government had sought a summary judgment against the three Hong Kong-registered Khoo companies — Luxor Hotel, Whitehot Enterprises and National Holdings — on the basis that there were no viable grounds for a defence.

Writs served on the three companies in early December stated that Luxor owed NBB B$21.12m, national holdings B$60.13m and Whitehot Enterprises owed B$37.13m.

Deak International buys Hong Kong financial group

BY OUR HONG KONG CORRESPONDENT

DEAK INTERNATIONAL, the US-based precious metals and foreign exchange company which rose from the ashes of the now-defunct Deak and Co, has acquired Lark International Finance (LIF), a Hong Kong-based financial services company, for HK$ 21m (US$2.7m).

The Hong Kong-based Deak-Perera Far East (DPFE) as well as Deak companies in Hong Kong and Macao, which had liabilities estimated at US$25m, were closed in December 1984, at the same time as Deak and Co filed for protection under the US Chapter 11 bankruptcy code.

Hong Kong and Macao creditors of the Deak companies have yet to receive a settlement but Mr Arkadi Kuhlmann, Deak International chairman and chief executive, yesterday said they should receive 70 cents for every dollar in an agreement that should be concluded in two to three months.

Mr Kuhlmann said Deak International had no legal obligation to DPFE or other Deak companies in Hong Kong and Macao, but had offered their creditor committees US$1.5m in an effort to "win the market back."

Martin Properties, now Deak-Morgan, purchased a 75 per cent interest in Deak and Co for more than $10m last May.

Bond clarifies asset position

BOND CORPORATION International (BCI), the Hong Kong unit of Australia's Bond Corporation Holdings, yesterday disclaimed a statement reportedly made last week by Mr Alan Bond, its chairman, Agencies report.

After BCI's flotation last week, Mr Bond was quoted in Hong Kong as saying that the net asset value of properties owned by the Hong Kong company was HK$2.60 a share. This conficited with the prospectus, which said the net asset value of the company's properties was HK$1.10 as of November 30

The Securities Commission said the matter was under review.

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5,000,000 Shares
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Common Shares
Of the 5,000,000 Shares, 1,000,000 have been purchased for international distribution
October, 1986

3,300,000 Shares
Trenwick Group Inc.
Common Stock
Of the 3,300,000 Shares, 600,000 are being offered outside of the United States and Canada
June, 1986

5,100,000 Shares
ConAgra, Inc.
Common Stock
1,000,000 Shares are being offered outside of the United States and Canada
April, 1986

5,000,000 Shares
UAL, Inc.
Common Stock
1,000,000 Shares are being offered outside of the United States and Canada
October, 1986

2,070,000 Shares
Silicon Graphics Computer Systems
Common Stock
360,000 Shares are being offered outside of the United States and Canada
October, 1986

6,900,000 Shares
The Travelers Corporation
Common Capital Stock
1,000,000 Shares are being offered outside of the United States and Canada
May, 1986

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5,000,000 FALCONS to Purchase 2,500,000 Ordinary Shares of Dfl.10 each in Royal Dutch Petroleum Company
July, 1986

Morgan
U.S. $20,000,000
The Morgan Crucible Company plc
9¼% Notes Due 1991
and
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International Pirelli N.V.
3¼% Guaranteed Notes Due 1993
Guaranteed by Société Internationale Pirelli S.A. with
300,000 Warrants
exercisable into Bearer Participation Certificates of
Société Internationale Pirelli S.A.
December, 1986

IBM
U.S. $300,000,000
International Business Machines Corporation
6¾% Exchangeable Subordinated Debentures Due 1996
Exchangeable into Common Stock of
Intel Corporation
March, 1986

ECU 20,000,000
Euromobiliare International (Cayman) Limited
4% Convertible Notes Due 1993
Unconditionally guaranteed by and convertible into saving shares of
Euromobiliare S.p.A.
December, 1986

FISONS
U.S. $50,000,000
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BASF CORPORATION
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CANADIAN IMPERIAL BANK OF COMMERCE
CHRISTIANIA BANK OG KREDITKASSE
CREDIT D'EQUIPEMENT DES P.M.E.
DEN NORSKE CREDITBANK
DYNO INDUSTRIER A.S
A/S EKSPORTFINANS
EXPORT DEVELOPMENT CORPORATION
GENERAL ELECTRIC COMPANY
GENERAL MOTORS ACCEPTANCE CORPORATION
GZB-VIENNA (GENOSSENSCHAFTLICHE ZENTRALBANK AG)
ISTITUTO BANCARIO SAN PAOLO DI TORINO
KINGDOM OF DENMARK
JWT GROUP, INC.
MARUBENI INTERNATIONAL (Guaranteed by Fuji Bank, Limited)
THE MITSUBISHI TRUST AND BANKING CORPORATION (London Branch)
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MITSUI TRUST & BANKING CO. LTD. (London)
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OKOBANK
PACCAR FINANCIAL CORP.
PIONEER CONCRETE
QANTAS AIRWAYS LIMITED
RTZ FINANCE OVERSEAS LIMITED
THE SAITAMA BANK, LTD. (London Branch)
SKANDIA INTERNATIONAL CAPITAL CORPORATION
SKÅNSKA BANKEN
SGA SOCIETE GENERALE ACCEPTANCE NV
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STATE BANK OF NEW SOUTH WALES
THE SUMITOMO TRUST & BANKING CO., LTD. (London Branch)
TENNECO INC.
TOKAI BANK LIMITED (London)
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U.S. $300,000,000
Den Norske Creditbank
Floating Rate Notes Due 1996 Convertible at the option of Den Norske Creditbank into Primary Capital Perpetual Floating Rate Notes
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¥ 10,000,000,000
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MORGAN STANLEY INTERNATIONAL 1986

INTERNATIONAL CAPITAL MARKETS and COMPANIES

David Owen on the latest vehicle to be adopted by America's futures capital

Chicago gambles on the Australian dollar

THERE IS a touch of *deja vu* about the headlong rush into Australian dollar trading by three US futures and options exchanges which begins today with the launch of Australian dollar futures on the Chicago Mercantile Exchange (CME).

This time last year there was a similar stampede to start trading in the then flavour of the month—the Ecu—a stampede which has thus far brought exceedingly meagre returns for all concerned.

The CME start-up will be followed on January 19 by the launch of Australian dollar options on both the Philadelphia Stock Exchange (PHLX) and the Chicago Board Options Exchange (CBOE).

This will open up a seventh front in the two exchanges' increasingly bitter rivalry in the field of foreign exchange options. This began with the CBOE's launch of six contracts to compete with the PHLX's established quiver in September 1985.

It is a battle in which, until now, the Philadelphia Exchange has enjoyed very much the upper hand. The added spice of the dual Australian dollar launch stems from the fact that, for the first time, the competing contracts will have been launched simultaneously.

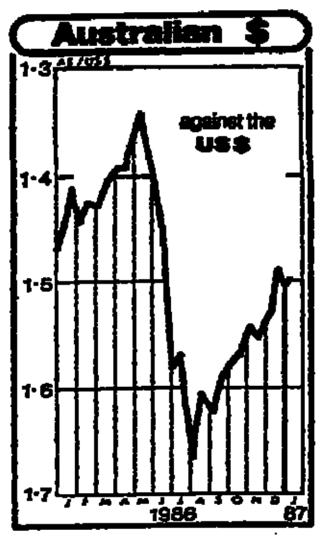
In both cases, the contract size will be A$50,000—half that of the CME's A$100,000 trading unit. Indeed, the contracts to be offered by the PHLX and the CBOE are to all intents identical, except that the CBOE trades European, as opposed to American-style options. The buyer of an American-style option has that right on the expiry date time before the expiry date. A European-style option buyer has thata right on the expiry date only.

Exchange officials are demonstrating uncharacteristic temperance in comments regarding the volume levels which the new contracts might ultimately hope to achieve.

"The fact that three contracts are coming out may give a misimpression of the volume we are going to see," says PHLX president, Mr Arnold Staloff. "It doesn't have to trade 5,000 contracts per day to be successful," he adds. "I don't expect it to be anywhere near the yen or the Swiss franc," predicts Mr David Johnson, manager of Currency Products at the CME. "I would hope it would draw enough interest to surpass the Canadian dollar in the first month or two," he adds.

Nonetheless, a level of interest disproportionate to the Australian dollar's less than 1 per cent share of the US cash interbank market has developed in recent months, triggered both by its volatility and the sharp increase in the levels of corporate Euro-financing denominated in the currency.

Clearly, this may stand the exchanges in good stead as they attempt to build hedging business in the new contracts. However, much will depend on the durability of this interest should levels of volatility or Australian dollar-denominated financing decline. The degree to which the antipodean currency's volatility will benefit the American exchanges is, in any case, debatable since much of the movement inevitably takes place outside their trading hours.



Of at least equal interest to the eventual volume levels achieved and the outcome of the rivalry between the two options contracts are the implications which the futures contract launch may have for the CME's Pacific Rim strategy.

Four futures trading centres are currently vying for dominance in this increasingly important region. There is as yet scant indication of which will ultimately prevail.

The CME has hitherto plighted its troth exclusively to the Singapore International Monetary Exchange (Simex) via a link established in 1984. Until the fledgling Singapore institution launched a US T-bond futures contract similar to that traded on the Chicago Board of Trade last October almost all its contracts were fungible with identical contracts traded in the CME. This means that positions opened on one exchange can be closed later in the day at the other with only one margin requirement.

But the growth rate of Simex, though steady, has been disappointingly slow. By contrast, the Sydney Futures Exchange (together with Hong Kong and the sleeping giant Tokyo the other three elements in a four-cornered battle for market share) has enjoyed a successful year, although its own fungible US T-bond link with London has got off to a slow start.

There is no suggestion that the CME is getting ready to sever the link with its Asiatic progeny—although Simex does face a stiff daily volume target of 20,000 contracts by September 1989 (the July 1986 daily average was 3,184) if it is not to face possible changes

But the listing of Australian dollar futures may signal that the giant Chicago exchange is looking to hedge its bets somewhat ahead of any impending bloodletting in the Pacific zone—a view which the SFE's expressed intent to modify its own slumbering US dollar futures contract in line with the CME specification would appear to endorse.

There is as yet no indication that a link on Australian dollar futures between the two exchanges is in prospect.

EDS strengthens European presence

By Terry Dodsworth, Industrial Editor

ELECTRONIC Data Systems (EDS), the computer services company owned by General Motors, is expanding its European presence with the acquisition of Societe pour l'Informatique (SPI), a subsidiary of Pechiney, the nationalised French aluminium and metals group.

The deal will give EDS its first substantial presence in France, where the computer software market is generally regarded as the most sophisticated in Europe. SPI, which generates 80 per cent of its business outside Pechiney, has sales of around $90m a year, which will bring EDS's total turnover in Europe to around $220m, of which $100m is in the UK.

EDS refused yesterday to say how much it was spending on the purchase of the French computer services company, but it said that it was part of a strategy to make the group less dependent on General Motors for its revenues in the region. Including business generated by the US-based car group, EDS claims to be one of the largest European companies in its field, which includes consultancy, training support, and the development of software packages.

With the inclusion of the 600 people employed by SPI, the European payroll of EDS will increase to 3,900

Bosch to expand

Robert Bosch plans to invest about DM 220m ($118m) from 1987 to 1989 on a new assembly plant for making brake anti-blocking systems, Reuter reports from Ansbach.

$150m Japanese issue meets enthusiastic reception

BY CLARE PEARSON

NIPPON TELEGRAPH and Telephone (NTT) launched a $150m seven-year Eurobond yesterday to an enthusiastic reception from investors, even though buying interest in the fixed rate dollar sector was generally low as the dollar weakened.

In other currencies, the weekend realignment in the European Monetary System (EMS) boosted French franc and Ecu bonds. But it failed to impress the D-Mark market amid expectations that the D-Mark's 3 per cent upward revaluation would prove insufficient to stem the tensions within the EMS.

NTT's 7½ per cent issue was priced generously with the aim that it should become a new benchmark for fixed rate dollar issues by Japanese corporates, lead-manager, Banque Paribas Capital Markets, said. NTT has already established an investor-following in Europe last year by successful deals in other currencies such as the Canadian dollar.

The bond, priced at 100¼, gave a yield spread of 73 basis points over US Treasury bonds at launch. It was quoted at a bid price of 99¾, well within 1¾ per cent commissions.

The proceeds are being swapped into yen.

Elsewhere in the dollar sector, Salomon Brothers International led a $100m issue of collateralised mortgage obligations for the special vehicle, CMO Eurotrust 18. The bond, with a stated 30-year life, is backed by mortgages of the US Government National Mortgage Association and is expected to have an average life of 2.97 years.

It pays interest at three-month London interbank offered rate plus ½ per cent, but there is a 12 per cent interest rate cap. It was quoted at about 99.77, against total fees of 40 basis points, and a par issue price.

Two Canadian dollar issues emerged. The first, a three-year deal for Province of Saskatchewan, was priced with an 8¾ per cent coupon. This is the lowest level on a Canadian dollar deal for some time, and it reflects the recent strength of the Canadian domestic bond market, although this low level could look unattractive to European retail investors. The C$150m deal, priced at 100¾ was led by Wood Gundy.

Later, Goldman Sachs announced a C$75m five-year bond for Ford Credit Canada. The 9 per cent issue has a 101¾ issue price.

Two Japanese corporates, Toshiba Engineering and Construction and Kurita Water, which makes equipment for water treatment, tapped the equity warrants market with five-year deals. Both issues had indicated 3¾ per cent coupons and were quoted around their par issue prices. Toshiba's deal, led by Daiwa Europe, was for $50m. Kurita Water's $30m bond was led by Nikko Securities.

In the floating rate note market, perpetual issues traded thinly after sharp price falls last week, although some short-covering emerged on hopes that a way would be found to re-

INTERNATIONAL BONDS

package the bonds as fixed rate instruments. Such a measure would establish a price floor for the market.

Issuing houses are believed to be working on various ideas, although the most commonly mentioned involves an issue of long-dated zero coupon bonds, issued pro rata with investor's perpetual holdings.

French franc Eurobonds, which have been trading poorly lately as the franc has come under pressure, were marked higher by up to one point during the morning in reaction to the EMS agreement.

In the D-Mark market, the expected profit-taking following the weekend EMS agreement did not materialise. Prices were basically unchanged on the day in low volume.

Commerzbank launched a DM 400m five-year issue for Commerzbank Overseas Finance. The 5½ per cent bond was priced at par. There is no selling group for the deal.

Deutsche Bank is expected to issue a DM 300m 10-year 6 per cent bond for the European Investment Bank.

In Switzerland, prices were generally unchanged in continuing high volume. Oesterreichische Kontrollbank's SFr 200m 4¾ per cent issue was quoted at a discount of 1½ per cent on the bid side.

Union Bank of Switzerland issued a SFr 200m 12-year bond for New Zealand, its first public issue in Switzerland since 1984. The issue has an indicated coupon of 4¾ per cent. There is a sinking fund from 1992 to 1997 at SFr 5m per year, callable in 1993 at 101¼, and then at declining premium.

Meanwhile, Austria issued a SFr 200m note issue led by Union Bank of Switzerland. The 10-year 4¾ per cent bond is priced at 99¾.

Swiss Bank Corporation announced a SFr 100m seven-year 4¾ per cent note issue for Kreditanstalt fuer Wiederaufbau the West German financing agency which launched its first dollar issue last week. The deal is priced at 101. It was quoted at 99¾ bid in the grey market.

Redec debt rescheduling wins support

A GROUP of 40 international banks has voiced support for steering committee recommendations on new terms for a rescheduling of debt owed by Redec, the Saudi Arabian conglomerate, Reuter reports from Bahrain.

The banks met to consider proposals on Redec, which had direct bank debts of 968.8m Saudi riyals ($258.3m) at March 31 1986, and 285.5m Saudi riyals in debts via subsidiaries. Redec is majority owned by Mr Ghaith Pharaon, the Saudi financier.

The seven-bank steering committee is said to have proposed repayments over 10 years with interest of ½ point over Bahrain interbank offered rate for riyals. No grace period was envisaged.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: [illegible]

Floating Rate Notes: [illegible]

Convertible Bonds: [illegible]

The prices over the past week were supplied by: [illegible]

French aircraft group confident

By George Graham in Paris

AEROSPATIALE, the French aircraft producer, suffered an 18 per cent fall in orders in 1986 but expects an "honourable performance" this year.

Mr Henri Martre, Aérospatiale's chairman and chief executive, said new orders had amounted to FFr 28.6bn ($45bn) last year, after the exceptional total of FFr 34.8bn in 1985.

The group's aircraft division was the worst hit with orders falling from FFr 17.9bn in 1985 to FFr 10bn last year. Mr Martre said it was expected that orders would fall from the exceptionally high level of 1985, when the first orders were recorded for the A320, the short to medium-range aircraft produced by the Airbus consortium which is due to make its first flight next month.

The ATR consortium, which groups Aérospatiale with Aeritalia of Italy, ended the year with firm orders for 79 of the ATR 42 commuter aircraft.

Helicopter orders rose from FFr 5.4bn to FFr 6.7bn last year, with 43 orders for the Super Puma twin-engined helicopter. Orders for tactical missiles fell from FFr 7.5bn to FFr 6.2bn.

The strategic systems and space division boosted orders to FFr 5.5bn from FFr 4bn, thanks to the Eutelsat telecommunications satellite programme.

Mr Martre said Aérospatiale's position had been made more difficult by the fall in the value of the dollar, in which aircraft orders are priced, and in the prices of oil and primary commodities.

The lower oil price had also damaged the commercial prospects of aircraft such as the Airbus A320 which had been designed with the aim of reducing energy consumption.

Hilary Barnes reports on the decentralisation of Denmark's sixth-biggest bank

Andelsbanken branches out

ANDELSBANKEN, the Danish commercial bank founded in the 1920s to serve the agricultural co-operative movement and the farmers, has emerged over the past two or three years as one of the high fliers of Danish banking.

The bank is the country's sixth-biggest according to balance sheet total – about DKr 50bn ($6.8bn) – and is much more than a simple agricultural bank. Danish farmers now account for less than 15 per cent of lending and the co-operatives for about 10 per cent.

Over the past three years, Andelsbanken has doubled its balance sheet and its share of domestic lending. It has pushed rapidly into international business and extended widely the range of customer services.

Over the past two years it had made operating profits, before depreciation and loss provisions, roughly in line with the earnings of banks twice its size. As a return on equity capital, operating profits of DKr 873m for 1985 were 26.9 per cent, compared with 16.2 per cent in 1983 and 21 per cent in 1984. For the first half of 1986 the return was 27.8 per cent.

A radical reorganisation of the bank through extensive decentralisation and the application of service-management concepts has made a crucial contribution to the bank's progress.

The bank has 179 branches, organised in 57 area management groups. It employs 3,800.

"We have given the area managements extensive self-government," said Mr A. C. Jacobsen, the chief executive. "Each area is set an annual earnings target. Apart from this, the area managements are free to act as they wish."

Areas and branches tended to view growth as the most important criterion of success. So a change of emphasis was also made here. "We changed the criterion from size to earnings and pointed out to managers that earnings are more important," said Mr Jacobsen.

Decentralisation has been taken to exceptional lengths by the standards of the Danish (and any other) banking world, and it does not stop with the area managers. "It goes right down to each individual employee," said Mrs Nyboe Andersen. Mrs Andersen, probably the most senior woman executive in banking in Europe, will succeed Mr Jacobsen next year.

The extent of decentralisation is illustrated by the following points:

- Area managements do not have to observe a uniform price structure for the services provided by the branches. Area managements are free to adjust their prices to match the terms offered by the dominant local bank;
- Area managements do not have to seek head office authorisation for deals they enter into;
- Areas are free to choose their own organisational structure, some choosing a narrow management pyramid, others a broader pyramid. Some areas emphasise one set of services, such as investment advice, others some other aspect of business;
- All area staff participate in deciding how an area should be organised;
- While there is central marketing to promote and maintain a common identity and public image, areas can also carry out their own marketing and buying services, if they wish, from local advertising bureaux rather than the bank's marketing section.

Control is exercised through a rigorous budgetary surveillance system. So deviations from budgets can quickly be detected and followed up. There is an annual budget planning meeting between area managers and the general management, which is also followed by quarterly meetings.

The reorganisation, begun in 1981 and completed in 1985, required an extensive internal educational programme at senior and junior levels.

"We did not start with a master plan, but with an attitude, and that attitude was that authorities are not what they were and that the bank must adjust to this situation," Mr Jacobsen said.

One of the curiosities at Andelsbanken is its shareholding structure. There are almost 120,000 shareholders, more than in any other Danish bank. Each of the 57 bank areas has its own shareholders' association. These associations hold their own meetings at which bank accounts and reports are presented.

The associations elect delegates who are sent to the bank's annual or extraordinary meetings of shareholders, at which each delegate has one vote, however many shares he or she may own. This is a system of organisation very similar to that used in the co-operative movement.

Andelsbanken is proud that its recent development is the bank's own doing, not the work of outside consultants. "We have done it ourselves. We have proceeded gradually, using our own language, our own way of working things out," Mrs Andersen said.

Insurers hit by rising claims

BY NICK BUNKER IN LONDON

THE WORLD'S insurance industry has to reckon on being hit by a multi-million pound insured loss every four or five days, according to Swiss Reinsurance.

Catastrophes such as major fires, earthquakes and the destruction of civil aircraft have cost insurers more than $36bn in the past 15 years, the group says in a research report.

But the size and frequency of such losses have both risen steeply during the 1980s. While in the 1970s the average insured catastrophic loss produced claims of between $15m and $30m, the average figure has since increased to between $50m and $70m.

The findings are based on the annual loss surveys published each January by Swiss Re, the world's second-biggest specialised reinsurer after Munich Reinsurance.

It has also compiled a "world loss ratio," showing insured losses as a percentage of premiums and indicating that non-life insurance loss ratios fall when economy is favourable and rise when it is in recession.

Between 1970 and 1985 Swiss Re's researchers logged 2,305 major losses and catastrophes, 1.5m fatalities, almost 50m homeless and a presumed material economic loss of about $700bn.

Three loss sectors – natural catastrophes, major fires and international civil aviation – account for seven-eighths of the insured damage. Civil aviation made up for 21,000 of the deaths, and 396 of the catastrophes.

Illinois boat builder makes third purchase

By David Owen in Chicago

OUTBOARD MARINE, the Illinois-based marine engine manufacturer, last week agreed to its third acquisition of a US boat builder in less than a month.

The company agreed to purchase privately held Stratos Boats, a Tennessee-based manufacturer of fibreglass power boats, for an undisclosed sum.

The move closely follows the acquisitions of both Carl A. Lowe Industries and Michigan-based Four Winns. The three companies together account for some $220m in annual sales.

The purchases continue a process of vertical integration in the US marine products sector triggered by the $775m acquisition of two major boat builders by Brunswick, Outboard Marine's rival, towards the end of last year.

AccuRay bid wins approval

By Our Financial Staff

ACCURAY, the maker of process-control equipment based in Columbus, Ohio, has accepted an improved offer of $45 a share, or $214m, from Combustion Engineering, the US power-generation and industrial equipment maker, which has made a number of acquisitions in process control, James Buchan reports from New York.

The merger cancels an earlier agreement to sell AccuRay for $40 a share to Hercules, the US chemicals company. Hercules had also sought access to AccuRay's technology for its speciality chemicals and aerospace business. Because of the termination of the agreement, Hercules has been paid $8m.

In 1985, AccuRay had net income of $7.9m on sales of $150m.

Amax signs Chilean deal

By Our Mining Editor

AMAX, the US diversified natural resources group, has signed an agreement with the government of Chile for the continued evaluation of a project to produce potash, boron and lithium from brines in the northern part of the Salar de Atacama in Chile.

Given a favourable outcome to the evaluation, Amax aims at an initial annual production of 500,000 tonnes of potassium chloride, about 200,000 tonnes of potassium sulphate, 28,000 tonnes of boric acid and 2,800 tonnes of lithium metal equivalents.

UK COMPANY NEWS

Tesco withdraws from auction for Safeway

BY NIKKI TAIT

Tesco, one of Britain's largest supermarket chains, yesterday ruled itself out of the bidding for Safeway Stores, the British arm of the US supermarket chain.

Mr Ian MacLaurin, chairman of Tesco, said the company had taken a good look at the 131 store group. But he continued, "It's not for us. The price is going to be high and if we're looking at our own development programme—which is excellent —we don't need the name of Safeway."

The sale of Safeway's UK stores is part of the American parent company's plan to raise funds to meet interest payments on its $4.7bn debt, following a leveraged buy-out of the company. The sale was formally announced at the end of November, and is being handled by investment house, Morgan Stanley. Estimates of the possible sale price have ranged from £600m to £750m.

Tesco's withdrawal from the auction bodes well for Argyll Group, the chain run by Mr Jimmy Gulliver under the Presto name. Argyll is known to be interested—the acquisition of Safeway would give it a more upmarket image and greater exposure in the South-East. There would be some overlap in Scottish stores, although grounds for referring a deal with Argyll to the Monopolies Commission are probably slimmer than for most other high street chains.

Other possible bidders include Dee Corporation—probably too busy digesting acquisitions at present—or possibly an overseas stores group. There have been suggestions that Morgan Stanley wants bidders to confirm an interest by mid-January.

It was originally thought that Safeway offered Tesco a number of good sites which could have expanded the group's coverage, upped market share and brought economies of scale. The UK arm of the Safeway chain has an impressive profits record, and recently reported £44m pre-tax in the year to October on sales topping £1bn.

However, according to Mr MacLaurin, only 20 of the Safeway stores matched Tesco's development criteria. Most, he added, were small compared with the superstores which the group is looking to develop.

He denied that the group had been deterred by the possibility of a Monopolies reference. Tesco, which currently operates some 375 stores, has around 13.5 per cent of the food-retailing market, and Safeway might add a further 3.5 per cent.

BA share deals: decision stands

BY RICHARD TOMKINS

Hill Samuel, the merchant bank sponsoring the British Airways flotation, yesterday said it would stick by its decision to allow dealings to begin before letters of allotment went out in spite of the near-certainty that there will be no grey market in the shares in advance of official dealings.

Up till now, the main justification for Hill Samuel's decision has been that any delay in the start of official dealings will allow the grey market to thrive.

On Friday, however, licensed dealer Cleveland Securities said it would not be making a grey market in British Airways' shares because of hostile comment about its role in the British Gas flotation.

The only other grey market maker, Prior Harwin, was closed down by the Department of Trade and Industry last month.

Hill Samuel said it was sticking by its decision because there was nothing to stop other institutions stepping in to fill the gap left by Cleveland and Prior Harwin.

"We want to reduce as far as possible the time in which people might be tempted to make a grey market," said Mr David Bucks, Hill Samuel's vice-chairman.

Small shareholders do not like dealings to begin before allotment letters go out because some find it difficult to sell shares in early dealings without proof of ownership.

Mr Bucks acknowledged that some shareholders could find themselves at a disadvantage, but considered that the majority would find the means to deal if they wished to do so.

Australian group buys into Redfearn

BY TERRY POVEY

REDFEARN NATIONAL Glass announced yesterday that another Antipodean investor—Australia's Overseas Strategic Holdings—had taken a stake in the company. The Brierley group from New Zealand already has a 24.5 per cent holding.

OSH, which has a 6.8 per cent Redfearn stake, is part of the private Pratt Group of companies based in Melbourne. Run by Mr Dicgk Pratt, Pratt Group's operations span paper, packaging and financial services.

In addition Mr Pratt has banking and investment interests in Hong Kong and the US.

In November, Mr Pratt purchased a 19.9 per cent stake in Australia's largest packaging company, ACI from Equiticorp Tasman, a quoted subsidiary of a New Zealand-based group. Mr Pratt has a 35 per cent stake in Equiticorp Tasman.

An investigation into the circumstances surrounding this share transaction is currently being conducted in Australia.

Redfearn's shares have risen very strongly since mid-November, up from a 200p plateau to 388p last night.

Hawley to reorganise via £255m disposals

By Richard Tomkins

Hawley, the services group chaired by Mr Michael Ashcroft, is to undergo a substantial reorganisation through a disposal of several of its activities to Henlys, its 49 per cent-owned Canadian-quoted affiliate, for £255m.

The move is aimed at simplifying Hawley's business structure and strengthening its balance sheet. It will also have the effect of cutting its stake in Henlys to 25 per cent.

The assets being transferred comprise Hawley's home improvements division, the Insight group of companies and Spring Grove Services, together with Hawley's stakes in Attwoods (28 per cent), Nu-Swift Industries (28 per cent) and Hawley (10 per cent).

Hawley's stake in itself arose as a result of the acquisition of Pritchard Services last year.

Henlys will satisfy the £255m consideration through the issue of secured interest-bearing loan notes, but it will also carry out a refinancing after completion to repay a substantial part of the sum due.

Hawley said that the reorganisation would leave it with its principal activities concentrated in the world's three main English-speaking areas—thet US, the UK and Australasia—and would comprise its core operations of cleaning and building services, hospital housekeeping and food services.

It will also leave Hawley with a bash balance of about $300m (£204m), by hte end of this year compared with debt of about £100m at the time of the Pritchard's acquisition.

Mr Ashcroft said the move was a step towards achieving Hawley's aim of becoming a major international services group, concentrating on services that provide recurring revenues with little fixed capital requirement in highly fragmented markets.

Hawley's shares closed 8p up at 126p. Henlys closed 27p down at 641p.

Pegler acquisition helps Tomkins to £9m midway

BY DAVID GOODHART

F. H. Tomkins, the fast-growing industrial conglomerate which last year won control of the far larger Pegler Hattersley valves group, reported turnover up to £93.5m and pre-tax profit at £9.27m for the six months to November 1 1986.

The results, which include four and a half months from Pegler, represents an increase in turnover of 3½ times against £26.5m and its pre-tax profits almost four times higher.

Earnings per share were 56 per cent higher at 6.2p and the interim dividend is 1.3p, an increase of 33 per cent.

Mr Greg Hutchings, Tomkins chief executive, said that the integration of Pegler had begun well but several benefits, such as the closure of Pegler's headquarters in Doncaster, would not come through until the full year.

He also admitted that Pegler's underlying performance had only been steady but said that the organic growth from some earlier acquisitions had been excellent. In particular the group of companies acquired from GKN in August 1985 has seen a significant rise in pre-tax profit and a 45 per cent increase in the return on capital.

At Pegler, in addition to the headquarter closure, the loss-making J J Braimbridge subsidiary had been closed and Paragon Plastics had been sold for £5.3m.

Tomkins said it had radically improved cash and stock management at Pegler, releasing at least £5m, instituted a management pay system linked to return on capital rather than output and turned Pegler from production to market-led.

Mr Hutchings denied that Tomkins would neglect capital expenditure at Pegler and said that he had already agreed to spend £2m in the first four months and expected to spend a little less than £9m in the expanded group for the whole year.

Tomkins is proposing a one-for-three scrip issue.

The company has net cash and investments of £40m and may soon be in a position to makes further bid. However Mr Hutchings dampened speculation about an imminent bid. He said: "The level of our share price at the moment is inadequate for issuing new shares and contested bids are not popular. But we could still make a cash acquisition of up to £100m.

Most of the old Pegler board has now left the company costing Tomkins several hundred thousand pounds in golden handshakes. However, almost all the individual company managements remain in place.

Current trading is said to be encouraging. The share price rose 16p to close at 304p.

See Lex

Ellis & Everard surges to £3m

Ellis & Everard, the UK's leading independent chemical distributor, increased its turnover by 40 per cent to £66.51m in the first six months of the 1986-87 year and for the period saw its profits surge to £3.32m pre-tax.

That was an improvement of 68 per cent over last time's £1.97m and just £0.4m short of the figure returned for the 1985-1986 year as a whole.

Cargo Fleet Chemicals, which was acquired in April 1986, made an outstanding contribution and other divisions also performed well, in particular merchanting in the UK and AICC in the US.

The directors said yesterday that they were encouraged by the outlook in both the UK and the US and said they remained confident that the full year results would show continuing substantial progress.

It was pointed out that the acquisition in December of Apperson Chemicals of Florida had given fresh impetus to the group's US turnover.

Interest charges for the half-year (to October 31 1986) accounted for £34,000 (£73,000).

Tax rose from £824,000 to £1.21m and left earnings 50 per cent higher at 9.3p (6.2p) per 25p share.

The interim dividend is being lifted from an adjusted 2.27p to 2.5p net.

● comment

Those who guessed that Ellis & Everard were going to announce a 68 per cent increase in profits and bought ahead of the announcement clearly did well over the last week. However, as some £900,000 of the increase comes from the first time contribution of Cargo Fleet, the organic rise is a fairly average 20 per cent or so. More worrying is the position in the US where operating margins are a slim 2 per cent compared with the 5 per cent norm in the UK. With $75m of sales likely from the three US subsidiaries in a full year, the operating profit contribution would be of the order of $1.15m, only just a bit more than the present $1.25m insurance bill. This seems a very expensive way of buying volume in a market which is so fragmented as to make it impossible to improve margins much without losing business altogether. Forecasts for the year have been upped to £6.1m allowing for the good Cargo contribution. Given the surely over-egged prospective p/e of 14, the shares were lucky to remain unchanged at 241p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
A. G. Barr	8.5	April 7	6.7	11	8.45
Ellis & Everard ......int	2.5	Mar 9	2.27*	—	5.91*
Kenyon Securities‡ int	4	—	3.4	—	10.4
London Scottish	2.1	Mar 12	1.68*	3	2.4*
Robert H. Lowe	1.2	—	nil	1.7	nil
Ratners ......int	1†	Jan 30	0.75	—	3
FH Tomkins† ......int	1.33	April 7	1	—	2.8
Trilion‡	0.7†	Feb 28	0.3	1.1	0.3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Bryant pension fund in move to help defence

By Clay Harris

Bryant Holdings' pension fund has invested almost 10 per cent of its assets in the company's shares to help to defend the Midlands-based housebuilder and property developer against a £187m takeover bid from English China Clays.

With additional share purchases announced yesterday, Bryant Group Staff Superannuation Fund has now spent £2.1m to buy a total of 1,271,785 Bryant shares. The company says the fund has assets of £22m, including a £5m surplus on book value disclosed in a defence document last week.

The Bryant fund bought 150,000 of the shares at 180½p, higher than EEC's 180p cash offer. Trustees of the fund are Mr Chris Bryant, the company's chairman, and Mr John Crosland and Mr J. A. Rutledge, non-executive directors.

Robert Fleming, the merchant bank advising Bryant, also announced further share purchases to take its total stake to 2,968,005 shares. With directors' and Bryant family holdings, about 28.5 per cent of the shares are committed against the offer. ECC controls 17.8 through acceptances or shares held by an associate.

ECC shares added 1p to 294p where, after excluding an 8.25p dividend, its nine-for-16 offer values Bryant shares at 183.2p.

See Lex

Willis welcomes union drive in bid battle

Mr Norman Willis, TUC general secretary, yesterday warmly welcomed the union initiative, led by the GMBU general workers' union, in the takeover battle between the glassmaker Pilkington and BTR, the industrial conglomerate.

The union is urging pension fund trustees to take an active role in deciding whether their funds should accept the hostile £1.1bn bid.

Speaking at an international union conference on IBM, Mr Willis sharply criticised BTR's attitude towards union organisation in a number of its subsidiaries, such as Dunlop and JE Hanger, which has been involved in a bitter union dispute for almost four months.

He advised BTR to "take very seriously" the unions' initiative in opposing the bid for Pilkington.

J. Mowlem realises £55m

By Terry Povey

John Mowlem has realised £55m after expenses through the sale of the investment portfolio of Glasgow Stockholders Trust. The construction and contracting company acquired the Trust with a view to liquidating its assets through a share offer that valued GST at £64m.

The acquisition and then disposal of GST's assets are estimated by analysts to be roughly equivalent to a one-for-four rights issue by Mowlem.

Also announced yesterday was the agreed formula asset value on which both the share offer and the cash alternative were based. Set at 177.85p, the FAV values each GST share at 193p in the share exchange and the cash alternative at 177p.

Kleinwort Benson, advisers to Mowlem, have underwritten all the share required to meet both the cash and the share bids. For the underwriting Mowlem's shares were priced at 343p. Last night Mowlem closed down 3p at 372p.

In a separate statement, US investment bank Morgan Stanley International said that it had bought the assets of GST from Mowlem. It said that the market value of the portfolio was in excess of £60m.

Stake taken in Lilleshall

Mr John Leek, head of merchant bank Hill Samuel's Samuel's smaller companies unit, has been appointed non-executive chairman of Lilleshall, the steel and fasteners group, and with his family has acquired a 6.8 per cent stake in the business.

Mr Leek said yesterday he intended to expand the business by acquisitions, initially in the field of product distribution and property development. His stake, acquired for £225,000, came largely from Lord Granville, who retains a 33.3 per cent holding. Lilleshall shares closed up 40p on the day at 188p.

Newman Industries

Newman Industries, the manufacturer of industrial fasteners, is withdrawing from the production of ferrous castings with the sale of Dover Engineering Works to a company promoted by two of Dover's directors and three managers. Newman will receive approximately £2.7m.

UK COMPANY NEWS

Enlarged Ratners at £2m and confident on outlook

BY PHILIP COGGAN

Ratners (Jewellers) yesterday announced pre-tax profits of £2.24m for the six months to October 6, a substantial improvement on the £155,000 achieved at the same stage last year.

The figures included a first contribution from H Samuel, which Ratners acquired for £149m in May.

Traditionally, jewellers make very little profit in the first half of the year since their sales are concentrated around Christmas.

This year Mr Gerald Ratner, the chairman and chief executive, reported that "outstanding sales increases" had been achieved during the Christmas season, with turnover up 50 per cent at Ratners and 40 per cent at H. Samuel.

Ratners is, accordingly, confident of a successful outcome in the current financial period, which will last for ten months because the group is changing its year end from March to January.

The H. Samuel acquisition by itself added 350 stores to the group and a further 22 new Ratners and Terry's shops were opened in the first half, with another 17 added since then. The group now has 600 stores in all, of which 150 trade under the Ratners name.

Around £21m will need to be written off the H. Samuel balance sheet, largely due to the write-down of stock values but that figure will be offset by a £15m surplus on property revaluation.

Provision is also being made for the £550,000 compensation package paid to Mr Anthony Edgar, the former H. Samuel chairman and briefly chairman of Ratners, who has left the company.

H. Samuel made a pre-tax loss in the same period last year so the pre-tax profits of £2.24m compare with a pro-forma group loss of £159,000.

Turnover was up 32 per cent at £55.2m (pro forma £41.7m). After interest of £1.39m (pro forma £949,000) and tax of £840,000 (£65,000), earnings per share were 1.6p (0.26p).

The interim dividend is being set at 1p (0.75p).

Mr Victor Ratner, the director responsible for buying and merchandising, has been appointed deputy managing director and Mr John Hughes has joined the board as retail operations director.

The company intends to change its name to Ratners Group.

● comment

The costs of Mr Edgar's departure must have been an unpalatable pill for Ratners to swallow but such are the goodies in the Samuel empire that the overall taste of victory must still be remarkably sweet. Samuel's shops were trading on profits of £11 per square foot before the takeover—that has already been bumped up to around £40 and there seems no reason, especially given the prime High Street sites, that Samuel should not eventually achieve the £80 per square foot currently being made by Ratners. With 430,000 feet of Samuel selling space, that implies a target of annual profits of £34m from the acquisition alone. In the meantime, the original Ratners group upped Christmas turnover by 50 per cent to show that the fo rmula of "flash for cash" is still enticing teenage girls to buy ear-rings, bangles and chains. Pre-tax profits for the ten months just ending look likely to be £22m but the real game is guessing next year's figure — £38m seems the most likely estimate. The shares, at 271p, are thus on a prospective p/e of only 10, modest considering the growth prospects.

Whittaker looks set to clinch victory in battle for MSCC

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

Highams, the textiles company privately owned by Mr John Whittaker, the Rssendale-based property developer, now seems almost certain to take control of the Manchester Ship Cana Company after the bid closes at 3 pm tomorrow.

Last night Mr Whittaker claimed 79 per cent of the company's 4m preference shares and 34 per cnet of the ordinary shares. The shares carry eual voting rights, but voting weight is tapered to favour small shareholders, so that obtaining 51 per cent is not in itself enough for control.

This was one reason why Mr Nicholas Berry, MSCC Chairman, refused to concede defeat last night ,although many close to the battle are now understood to see the outcome as almost inevitable.

To take control, Mr Whittaker needs to break down some or all of his holdings into 100-share packets to maximise voting strength. If he can do so to a greater extent than Mr Berry and his supporters, he is bound to obtain a simple majority at the company's AGM next month.

Mr Whittaker, who also controls the publicly quoted retail developer Peel Holdings, said that about 20,000 potentia nominees had now been found among his group's employees, customers, suppliers and their friends and relations.

Another 10,000 supporters had also been found, many through canvassing in towns and villages of the Lancashire Pennines.

He said they were ready "if needed."

Mr Berry yesterday said that Mr Whittaker would have to be tested on the matter to see if the claim was a bluff. Each side has six weeks from the close of the bid to register its nominees.

Both sides agree that Mr Whittaker needs only a simple majority to sack all the shareholder directors and replace them. If the company's statutory directors — Manchester City councillors, who have a legal right to a boardroom majority of one—do not agree with his plans, he culd then run the business via a rolling series of emergency general meetings.

A sign of the way the battle is going, however, is the way the argument is now shifting to what Mr Whittaker can and cannot do with his likely power.

Hanson's brokers sell Bowater share stake

By Nikki Tait

Hanson Trust is believed to have cut its stake in Bowater Industries, the packaging and builders merchants supplier, from 11.2 per cent to just below the disclosable 5 per cent level.

Official notification of the deal has yet to come from the Stock Exchange, but on Friday stockbrokers Laing & Cruickshank bought 6.25m Bowater shares on behalf of four institutional clients.

Six million of those shares came from Hoare Govett, Hanson's stockbrokers. The deal took place at 360p.

Hanson first disclosed a stake —7.03 per cent—in Bowater in July 1985, although it is believed to have had a 4 per cent holding for some while longer. The stake was then steadily added to until it reached 11.7 per cent in February last year.

Up until late-1985 Bowater shares were trading at under 300p, suggesting that Hanson's profit on its stake—assuming it was the source of Hoare Govett's shares—must top £3.5m.

Yesterday, Mr Martin Taylor, a Hanson director, refused to comment on the suggestion that Hanson had reduced its stake.

Ladbroke expanding US property side with £74m purchase

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Ladbroke, the diversified hotels, racing and retailing, entertainments and property group, is substantially increasing its US interests with the spending of $110m (£74.4m) on the purchase and refurbishment of two office blocks in central Washington DC.

The group has been active in the US property market for five years and has developed in that period about $400m of property.

The new buildings enlarge a portfolio of property holdings that is based on office buildings in New York and Westchester.

Of Ladbroke's planned expenditure, $67m is being spent on purchase. The balance will be spent on refurbishment and the cost of carrying the buildings until they are ready for occupancy, Ladbroke said yesterday.

Both buildings, Plaza West and the Commonwealth Building, are of 12 storeys and between them they provide 560,000 square feet of space. At present they are occupied by the US federal Government.

Ladbroke's US property subsidiary, London and Leeds Corporation, will be able to move into Plaza West at the end of September and to the Commonwealth Building in September 1988 for the refurbishment. The buildings should be ready for new tenants by summer 1988 and summer 1989 respectively.

On the basis of 1986 rents, Ladbroke expects the investment initially to yield 10 per cent plus, perhaps five percentage points more than might be expected from a comparable investment in City of London

Third Market quote for Theme

BY PHILIP COGGAN

Theme Holdings, specialist restaurant company, is planning to be one of the first companies to join the Third Market when it opens on January 26. It announced the news yesterday along with the £3.6m acquisition of Leisure Development, which operates Ragdale Hall HTealth Hydro and Ragdale Health Club.

Theme operates a group of restaurants in London including Peppermint Park, Coconut Grove and Fatso's Pasta Joint. In the year ending October 31 1985 it made pre-tax profits of £323,000 on turnover of £3.1m.

Consideration for Leisure Development, which made a small loss in the last financial year, will be paid by the issue of 4.5m new shares at 40p each plus £1.8m in cash. Following the issue, Ensign Trust will hold 29 per cent of the enlarged group.

Bio-Isolates warns of another year of losses

BY RICHARD TOMKINS

Bio-Isolates, the loss-making USM start-up venture which has patented a process for making protein out of cheese whey, yesterday warned that its results for the year to September 1986 were unlikely to show an improvement over the previous year's.

In the year to September 1985, the company incurred a pre-tax loss of £441,000 — its fourth consecutive period of mounting losses since coming to the USM in 1982.

Bio-Isolates has two joint venture operations, one in the US and the other in Ireland. It said yesterday that most of the output from its Minnesota plant had not yet been sold and was now in storage, although it was still saleable.

The other joint venture at Mitchelstown in the Irish Republic had made considerable progress in the past three months in terms of sales and product quality, the company said. It was therefore investing in increased capacity and cost-cutting measures.

The company is proposing a share subscription by two directors—Mr Mark Davis, the chairman, and Mr Richard Koch—and a number of their associates. This will raise £125,000 through the issue of 625,000 shares at 20p each.

In addition, the company's Irish joint venture partner, the Mitchelstown Co-Operative Agricultural Society, intends to make a loan to the joint venture company to expand capacity.

Taken together, Bio-Isolates said these measures should provide enough working capital for the group to carry through its 1987 operating plans. Its shares closed 3p up to 24p.

GOODHEAD PRINT Group has acquired the Review Group of Newspapers, of St Albans, Herts, for an initial £1.52m in cash. Further payments will be linked to profits over three years to 1989.

Record net income at NatWest USA

Fourth quarter net income of National Westminster Bank USA rose 25 per cent to $17.9m, making a record $67.7m for 1986, compared with $54.6m previously. Return on assets rose to 0.65 per cent, against 0.61 per cent a year ago.

Mr William T. Knowles, chairman and chief executive officer, attributed the strong earnings gains to continued growth in the bank's domestic business with higher loan and core deposit volumes, increases in non-interest income and a further significant improvement in the bank's asset quality.

Net interest income for the year increased 10 per cent to $371.1m ($336.2m) with the fourth quarter figure up 5 per cent at $95.4m.

Barr

A. G. Barr, Glasgow-based soft drinks manufacturer, lifted pre-tax profits by 40 per cent from £3.2m to £4.47m for the year ended October 25, 1986, on turnover 11 per cent higher at £39.19m, against £35.2m.

At the trading level, profits were up from £2.61m to £3.84m, before interest received of £631,000 (£593,000). Tax charge increased to £1.52m (£954,000) and there was an extraordinary credit last time of £332,000.

Stated earnings per 25p share rose from 35.56p to 46.69p and the dividend is stepped up to 11p (8.45p) net with a final of 8.5p.

London Scottish lower than expected at £2.1m

BY TERRY POVEY

London Scottish Finance, the Manchester-based personal finance company, yesterday announced pre-tax profits of £2.14m, a somewhat lower than expected £327,000 increase over the year to October 1985 figure.

Once called Refuge Securities, LSF specialises in lending to those without bank accounts and maintains a network of staff who collect payments from debtors on a weekly basis. It also has an active debt collection service, Robinson Way, which has grown strongly in the past year.

The company's traditional concentration of its activities in Scotland, the Midlands and the North of the country is steadily being changed by expansion in the South of England.

During the year eight new offices were opened and on October 29, the first day of the present financial year, LSF purchased March the Tailor, a six office Yorkshire-based credit business. LSF now has 97 branches.

Pre-finance margins were marginally ahead to 23.3 per cent of turnover up to £15.2m from £13.4m. Finance costs were £1.4m against £1.3m. Profits after taxes paid of £585,977 (£483,450), totalled £1.55m (£1.33m). After adjusting for the March 1986 scrip issue, earnings per share were 6.5p against 5.6p and the total dividend was ahead 25 per cent to 3p (2.4p).

Commenting on current trading, Mr Jack Livingstone, chairman and chief executive, said that the first eight weeks of this year saw "record loan figures, ahead 19 per cent on the similar period last year."

TRUSTHOUSE FORTE, the hotel and catering group which last summer bought the former Imperial Group restaurant and hotel businesses from Hanson Trust for £190m, only to see the acquisition referred to the Monopolies Commission, has given undertakings that it will run the chain of Happy Eater roadside restaurants as a viable business—discrete from the rest of the company—during the MMC's enquiry.

Evered buys stake in CI

Evered Holdings, the acquisitive industrial conglomerate, announced yesterday it has acquired a 22.6 per cent stake in CI Group, specialist steel and engineering group.

Mr John Ford, Evered finance director, would not reveal how much he paid but insisted that it was regarded as a long-term investment and that there were no plans to bid for the company.

CI made pre-tax profits of £1.02m on sales of £27.6m in the year to end-January 1986 and recently completed its fourth acquisition of 1986 paying a maximum of £5.1m for Express Reinforcements.

Evered has known the CI senior management for some time and Mr Roy Kettle, CI's non-executive chairman, is a non-executive director of Evered. Mr Ford said there would be opportunities to build commercial relationships between the two companies. Evered expects to be offered a seat on the CI board.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Palmerston Investment Trust, Shield, Sturge, Westpool Investment Trust.

Finals: London and Clydesdale, Newman Tonks, Television South, Wheway.

FUTURE DATES

Interims—	
Celtic Haven	Jan 14
Gold Fields Prop.	Jan 14
Gold Fields of South Africa	Feb 9
Heath (Samuel)	Jan 19
Multitone Electronics	Jan 14
New Witwatersrand	Jan 14
Zetters	Jan 16
Finals—	
Kuala Lumpur Kepong Berhad	Jan 23
Vogelstruisbult Metal	Feb 9

APPOINTMENTS and CONTRACTS

Manchester Airport commercial director

Mr John Newton has been appointed commercial director for MANCHESTER AIRPORT. He has held a senior post in the directorate of finance and administration for the past two years. The responsibilities of the newly-created post of commercial director include maximising the airport's non-aviation revenue.

★

Mr T. D. Barry has been elected chairman of THE CITY OF LONDON BUILDING SOCIETY. He succeeds Mr G. E. Richardson who has completed his term and continues as a director. Mr P. A. Bull has been elected deputy chairman.

★

Mr J. S. Rattray is to be appointed group overseas manager of COMMERCIAL UNION ASSURANCE CO from March 1, in succession to Mr C. O. Rowe who retired earlier last year.

★

Mr Alastair M. Livingstone has been appointed finance director of F INTERNATIONAL GROUP. He was finance director of the Coopers Group, having been with ICI for 31 years.

★

Mr A. A. Salem has been appointed group managing director, RETAIL LIBERTY. He was formerly group finance director.

★

OCCIDENTAL INTERNATIONAL OIL INC, London, has appointed Mr Michael Fitzgerald as vice-president joint-ventures and Mr Walter Voelke as vice-president finance. Mr J. L. Hall will retire as executive vice-president financial and property management at the end of February.

★

Mr G. I. Howell relinquished his post as secretary, but remaining on the board of DAILY MAIL AND GENERAL TRUST. Mr G. H. Woodward, has succeeded him as secretary.

★

GENERAL FOODS has appointed Mr Ronnie Bell as coffee marketing director from February 1. He replaces Mr Tom Park who is taking a post with PHILIP MORRIS CO INC in Australia. Mr Paul Humpherston becomes personnel director.

Ratners makes group changes

Mr Victor Ratner, who is the director responsible for buying and merchandising throughout in Ratners and H. Samuel, has been appointed deputy managing director of RATNERS (JEWELLERS). Mr John Hughes, who is responsible for the group's retailing operations, has joined the board as retail operations director. Mr Derek Hiett, Mr Robert Smith and Mr Simon Talyor have been appointed to the board of Ratners. Mr Keith Inwoed has been appointed general manager.

★

Mr Henry Cabey and Mr Barry Glynn have been appointed to the board of Mondales. Mr Michael Allchin, Mr Roger Clark, Mr Paul Cumming and Mr Michael Hoath have been appointed to the board of H. Samuel. Mr John Hartwright has been appointed general manager, and Mr Stephen Power is now company secretary. Mr Paul Smith, chief accountant, has joined the board of Terry's, and Mr John Wadlow becomes general manager. At WATCHES OF SWITZERLAND Mr Roger Day, the company's senior manager, has joined the board as resident director at the 16 New Bond Street branch.

Mr Clive Davis has been appointed group financial controller from February 16. He joins from Home Charm. Mr Steven Downes, management accountant for Ratners, becomes group management Accountant. Mr Nick Smith has been appointed group systems accountant. He joins from Welcome Break.

★

Ms Caroline Gillies has been appointed a director of the McCANN CONSULTANCY, corporate communications agency of McCann-Erickson, from March 30. She was marketing manager of Watford Football Club.

★

Mr Peter W. Ballard and Mr Richard G. Bax have been appointed associate directors of BRADSTOCK GROUP. Mr William E. Bennington has been appointed managing director of Bradstock, Blunt (N.I.), Northern Ireland based subsidiary of the group.

★

THE LILLESHALL COMPANY has appointed Mr John Leek a director and chairman on the retirement of Mr David Graham-Wood. Mr Leek is a director of Hill Samuel and Co and head of smaller companies unit.

★

Mr Joep Van den Bos has been appointed a director of FERRYMASTERS. A Dutch citizen, he was general manager of Ferrymasters Central European division, the company's largest operating division based in Rozenburg, Netherlands.

★

At EVANS HALSHAW HOLDINGS, the chairman, Mr Peter Green, is to retire following the annual meeting on May 7. He has agreed to remain on the board as a non-executive director. Mr Geoffrey Dale succeeds him as chairman of the group, and with Mr Anthony Archer will continue as joint managing directors.

★

STANE CASTLE ASSETS has appointed Mr David Fortune and Mr Paul Hilton as directors designate.

★

EUROPEAN BRAZILIAN BANK has appointed Mr Peter Taylor as senior manager — administration and company secretary. He takes over from Mr Peter Sandringham.

★

WINDSOR FAREHAM GROUP has launched Commercial & Industrial Funding, and appointed Mr Andre Dent as operations director. He was general manager of Windsor Fareham Financial Services. Mr Adrian Langford becomes operations manager of the industrial department.

★

ARTHUR BELL & SONS has appointed Mr David Sawyer as divisional director — international marketing. He was head of marketing services. Mr Simon Richmond becomes marketing services manager.

★

LEA & PERRINS INTERNATIONAL has appointed Mr Phil Smyth overseas director and Mr Chris Bond as finance director and company secretary.

★

Mr Norman Sussman, chairman of the BRITISH CLOTHING INDUSTRY ASSOCIATION has been nominated as the Association's first president. The nomination, made by the BCIA's executive council, will be put to the association's annual meeting on May 12, the day on which Mr Donald Parr will formally take over as chairman from Mr Sussman.

★

In a restructuring THE SCHREIBER COMPANY has appointed Mr Jim Fitzpatrick as deputy managing director and Mr Stan Matthews as manufacturing director. Mr David Schreiber, son of the company's founder, becomes chairman, while Mr Jim Riordan takes over as managing director. Mr Chris Millwood has new responsibilities as sales director.

★

TI MACHINE TOOLS has appointed Dr Malcolm Thorneycroft as director, quality and product development and Mr David Wilcock as director, planning and advanced manufacturing technology projects. Dr Thorneycroft was previously engineering director and Mr Wilcock planning and marketing director.

★

Mr Brian Ferguson has been appointed vice president of DANA EUROPE. He will combine his new duties with his present post as divisional general manager, automative division. Dana has also promoted Mr Ron Temple to vice preident and general manager of the Spicer Transmission, Spicer Clutch and Chelsea Power Products divisions.

★

AETNA INTERNATIONAL (UK) has appointed Mr Stephen Bamford as investment director; Mr Peter Bassnett as personal sales director; Mr Stuart Bayliss as international director; Mr John Kanter as marketing director; Mr John Johnson as group sales director, and Mr Peter Walker as company secretary.

★

Mr John Spence, managing director of Richardson's Fertilizers and chairman of the Northern Ireland Training Authority has been appointed a member of the INDUSTRIAL DEVELOPMENT BOARD OF NORTHERN IRELAND, is succession to Mr John Parker, chairman and chief executive of Harland and Wolff.

Mr Wayne Jarman, chief manager, State Bank of Victoria, London

STATE BANK OF VICTORIA, Australia, has appointed Mr Wayne Jarman, as chief manager of its London operations. He was chief manager of the international division in Melbourne.

★

Mr Christopher G. Wigg has joined the board of SCAFFOLDING (GREAT BRITAIN) as financial director. He was financial controller of Scaffolding (Great Britain).

★

Mr Frank Farmer, TV Times advertisement sales and marketing director, has joined the board of INDEPENDENT TELEVISION PUBLICATIONS.

★

RODENSTOCK UK has appointed Mr Tony Hudson as customers services director.

★

Mr David Harrington, sales marketing manager—electrical and electronic components, and Mr Clifford Bulgin, previously general manager — power supplies, have joined the main board of A. F. BULGIN & CO.

Acorn board posts

ACORN COMPUTER GROUP has appointed as chairman Mr Bruno Seggiu, vice president for new ventures at the Olivetti Group and already a board member of Acorn. Mr Alex Ubeldi and Mr Jim Edwards have resigned from the board because of new responsibilities within the Olivetti and AT&T groups. Mr Paolo Tosi becomes managing director of British Olivetti, and Mr Franco Agostinucci, vice president for product and market strategy at the Olivetti

★

BEAUVALE, upholstery division of the Slumberland Group has appointed Mr Peter le Bosquet as managing director. He was chief executive of the Floreat Furnishing Group, Rotherham.

★

Mr Keith Bidder has been appointed UK sales director for the confectionery division of BARKER & DOBSON, and Mr Michael Jackson has been appointed production director from February 9 when he will be joining from Pilsbury.

★

NATIONWIDE BUILDING SOCIETY has appointed Mr Christopher Weston as a director. He is chairman and chief executive of the Phillips Group of Fine Art auctioneers and valuers. He is also a director of Headline Book Publishing and F & C Pacific Investment Trust and is chairman of Bradford Peters (Holdings).

★

Mr Richard Persse has joined J. B. REYNIER, as joint managing director. He will be working alongside Miss Carolyn Reynier, the managing director. She recently announced her engagement and after her marriage she plans to leave Reynier in late 1987. After this date Mr Persse will take over as managing director.

Finance chief at Britannia

BRITANNIA BUILDING SOCIETY has appointed Mr Trevor J. Bayley as general manager (finance). He was deputy general manager with responsibility for financial functions. Mr Phillip H. Davis, treasurer, is promoted to general manager from deputy general manager, retaining the title treasurer.

★

Mr Peter Robinson, an American, has been appointed managing director of GLANVILL ENTHOVEN NORTH AMERICA, London. The City-based company specialises in contracts for wholesale insurance business coming into the London market from local managing general insurance agents and brokers throughout the US and Canada. Mr Robinson joins from Jardine Emitt and Chandler Inc in San Francisco. Mr Leslie Hewitt, formerly a director of C. E. Heath North America, is joining Glanvill Enthoven North America as a director, and Mr David Neilson is joining as an associate director.

★

The group sales and marketing director of Gee/Rosen Oranisation Mr Alain Cooper, has been appointed to the board of Men's and Boys' Wear Exhibitions, promoter of IMBEX, the annual International Men's and Boys' Wear Exhibition.

★

Ms Sally Davis and Mr Roger Dennison are to join the board of COLMAN RSCG.

£8.4m Heathrow services

TAYMECH, building services contractor of the Taylor Woodrow Group, has been awarded two contracts by Heathrow Airport worth £4.9m and £3.5m for mechanical and electrical services installation at Terminal 3, Heathrow. The terminal will be fully operational throughout the work. Terminal 3 consists of separate arrivals and departures buildings within the central area. The £4.9m contract covers work throughout the arrivals building, including a single-storey extension under construction on the north western face which will enlarge the baggage reclaim hall. A plant room will be built over some 20 per cent of the central area of the extension. Work is due for completion in autumn 1989. The £3.5m project entails supply and installation of building services to the southern extension of the departures building. This block is on three floors including a plant room. The project is scheduled to be finished next winter. With both contracts Taymech will be responsible for heating, ventilation, air cooling and plumbing, together with low voltage electrical and public address systems.

★

Newcastle City Council has commissioned BOWEY CONSTRUCTION to modernise 118 homes in the Pottery Bank area of Walker, and 247 homes in Daisy Hill—the two contracts are worth nearly £3m. Other contracts include office accommodation for British Gas at Killingworth and alterations to the Unemployment Benefit Office at Killingworth.

★

Bristol-based ROBERT WATSON & CO (STEELWORK) has been awarded a contract to fabricate and erect structural steelwork for the refurbishment of Michelin House, a listed building in London's Fulham Road. This was originally opened in 1911 and the redevelopment will provide retail space in the basement and ground floors, a restaurant on the first floor and offices on the first to fourth floors, with plant rooms on top. The work involves refurbishment structure and an extension of two additional floors and of the second floor to provide a total area of 9,000 sq metres. The contract is worth about £500,000 to Robert Watson. Main contractor is Bovis Construction. The structural steelwork for two Sainsbury stores is being fabricated and erected by Robert Watson. The store at Bury St Edmunds, Suffolk, will involve about 300 tonnes of steel for the framework in a 4,800-sq-metre store. The second, at Poole, 5,000 sq metres will require 200 tonnes of steel. Main contractor for the Bury St Edmunds store is Wimpey Construction UK and at Poole, Higgs & Hill Building (South West). The two contracts are worth over £500,000 to Robert Watson, a member of AMEC.

★

BISON CONCRETE has been awarded a contract valued at £1.75m for structural concrete at Horselydown Square, a commercial and residential development near to Tower Bridge on the perimeter of the Docklands area. The 12,000 sq metres development incorporates an underground car park, surmounted by a podium with shops and offices. Above this are four- to six-storey residential blocks, totalling 76 apartments. The foundations and podium deck are of in situ concrete and the lower areas of shops and offices are of precast column-and-beam construction, using circula external columns. Above the transfer level the residential blocks are of load bearing crosswall construction, using solid precast concrete external walls and floors.

★

Preliminary work is under way on a £1.1m, 80,000 sq ft office and flats refurbishment being carried out at Russell Square, Bloomsbury, by DIX BELGRAVIA for Ebury Developments. Overall completion is due in late 1987. The six-storey Grade II Listed buildings at 54, 55 and 56 Russell Square date from about 1802. Under the contract, doors and floor coverings are being removed, structural walls are being repaired or rebuilt, staircases renovated, and roof coverings renewed. Refurbishment is being carried out in period style but to modern standards.

★

FAIRCLOUGH BUILDING, southern division, has been awarded a £3m management contract from Cliffsun for the construction of luxury residential units at 12 Avenue Road, St John's Wood. The development will consist of two blocks each containing a penthouse and maisonettes. Built on piled foundations, the buildings will comprise structural concrete frames with brickwork cladding. Lifts and staircases are to be installed, and one basement car park will serve all units.

★

French Kier subsidiary MOSS LONDON has started work on the London Borough of Wandsworth's Doddington Estate, SW11. The £3.6m contract is the first phase of environmental improvements to the estate, which is composed of 15 high- and low-rise blocks. The first phase is scheduled for completion in June 1988.

The main function of the "environmental improvement" programme is the creation of identifiable neighbourhoods within the estate. Each neighbourhood will be made up of from two to three blocks. Each will have its own neighbourhood or "block" gardens, tenants' room and entrances. To create the gardens, under-used multi-storey car parks will be demolished and car parking organised in smaller observable areas.

★

Trafalgar House subsidiary LAWRENCE ALLISON AND ASSOCIATES WEST INC, has been awarded a $4.5m (£3m) contract to operate the US Navy's fuel support point near the northern end of the Panama Canal. The contract calls for Lawrence Allison to staff, operate, maintain and provide security for defence fuel support point—Cristobal, an installation with a tank capacity of over 1m barrels. Annual throughput is around 60,000 barrels, drawn from the 300 acre tank farm via the Mount Hope pumping station and loaded via pier 16 at Cristobal. Contracts for the first year of operation have been finalised with the remaining four one-year option periods to be exercised at the discretion of the US Government.

£6m orders for Clugston

CLUGSTON CONSTRUCTION has won contracts worth £6.2m for a variety of building and civil engineering works. The largest is the £2m Frank Perkins Parkway (North) for Peterborough Development Corporation. Building works totalling £3.4m consist of three schools at Lincoln, Bourne and Mansfield for Lincolnshire and Nottinghamshire County Councils, together with bunker bay roof repairs at Eggborough power station for the Central Electricity Generating Board, and a design and build contract for factories at Flixborough Industrial Estate, Scunthorpe, for English Estates. Further civil engineering contracts include roads and filters to Knostrop Sewage Treatment Works, Leeds, for the Yorkshire Water Authority and reinforced concrete works to a new swimming pool at Butlins Funcoast World project at Skegness.

GOLD MINING COMPANY REPORTS

RAND MINES

For the quarter ended 31st December 1986

Members of the Barlow Rand Group

Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P 1AJ

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

Registration No. 05/38232/06

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH

OPERATING RESULTS

	Quarter ended 31.12.1986	Quarter ended 30.09.1986	6 Months ended 31.12.1986
Ore milled (t)	2 143 000	2 141 000	4 284 000
Gold—produced (kg)	6 788	7 449	14 237
—yield (g/t)	3.17	3.47	3.32
Uranium—slime treated (t)	856 000	1 194 000	2 050 000
—oxide produced (kg)	52 414	77 529	129 943
—yield (kg/t)	0.061	0.064	0.063
Pyrite—concentrate recovered (t)	20 961	19 643	40 604
Sulphuric acid—produced (t)	28 437	20 701	49 138
Total revenue (R/t milled)	96.61	109.61	103.11
Total cost (R/t milled)	78.51	75.28	76.90
Total profit (R/t milled)	20.10	34.33	27.21
Gold price received (R/kg)	29 406	29 911	29 670
FINANCIAL RESULTS (R000's)			
Revenue—gold and silver	199 610	222 808	422 418
—uranium, pyrite and sulphuric acid	7 429	11 876	19 305
Total revenue	207 039	234 682	441 721
Cost	163 993	161 175	325 168
Working profit	43 046	73 507	116 553
Sundry revenue (net)	3 769	4 214	7 983
Profit before taxation and State's share of profit	46 815	77 721	124 536
Taxation and State's share of profit	(2 643)	9 963	7 320
Profit after taxation and State's share of profit	49 458	67 758	117 216
Capital expenditure	33 015	48 234	81 249
Dividend (interim) declared	—	30 917	30 917

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R31 725 464. The estimated total capital expenditure for the remainder of the current financial year is R72.6 million.

HARMONY NO. 4 SERVICE SHAFT

Commissioning of the shaft has been completed.

Work is in progress on the construction of the office block, changehouse, bank area, security fencing and hostel office block.

SINKING OF HARMONY NO. 5 SHAFT

This shaft has now reached a depth of 521.4 metres below the collar.

HARMONY NO. 4 SHAFT GOLD PLANT

The plant has been commissioned and the first gold has been produced.

The lock up of gold in the commissioning of this plant has been partly responsible for the drop in yield.

For and on behalf of the board,

C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL

7th January, 1987

Durban Roodepoort Deep Limited

(Incorporated in the Republic of South Africa)

Registration No. 01/00926/06

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH

OPERATING RESULTS

	Quarter ended 31.12.1986	Quarter ended 30.09.1986
Gold		
Ore milled (t)	588 000	602 000
Gold produced (kg)	1 768.2	1 867.5
Yield (g/t)	3.01	3.10
Revenue (R/t milled)	88.54	93.26
Cost (R/t milled)	80.92	79.15
Profit (R/t milled)	7.62	14.11
Revenue (R000's)	52 063	56 143
Cost (R000's)	47 584	47 651
Profit (R000's)	4 479	8 492
Gold price received (R/kg)	29 444	30 063
FINANCIAL RESULTS (R000's)		
Working profit	4 479	8 492
Sundry revenue (net)	1 088	1 290
Profit before taxation and State's share of profit	5 567	9 782
Taxation and State's share of profit	—	—
Profit after taxation and State's share of profit	5 567	9 782
Capital expenditure	9 119	5 779
Dividend declared	2 325	—

DIVIDEND

Dividend No. 118 of 100 cents per share was declared on 2nd December 1986, payable on or about 30th January 1987 to shareholders registered at the close of business on 24th December 1986 and to persons presenting the appropriate share warrant to bearer coupon.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R3.5 million.

The capital expenditure programme was accelerated during the quarter with significant amounts being spent on recommissioning the circular shaft and extending the main slimes dams.

For and on behalf of the board,

C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL (Managing Director)

7th January, 1987

GENERAL NOTES

1. All financial figures are subject to audit.
2. GOLD MINES
   Operating Results
   There were 89 milling days in the quarter, compared with 91 in the preceding quarter.

Blyvooruitzicht Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

Registration No. 05/09743/06

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CENTS EACH

OPERATING RESULTS

	Quarter ended 31.12.1986	Quarter ended 30.09.1986	6 Months ended 31.12.1986
Gold			
Ore milled (t)	553 000	588 000	1 141 000
Gold produced (kg)	3 157.7	3 370.9	6 528.6
Yield (g/t)	5.71	5.73	5.72
Revenue (R/t milled)	168.46	175.15	171.91
Cost (R/t milled)	97.35	91.08	94.12
Profit (R/t milled)	71.11	84.07	77.79
Revenue (R000's)	93 161	102 990	196 151
Cost (R000's)	53 834	53 557	107 391
Profit (R000's)	39 327	49 433	88 760
Gold price received (R/kg)	29 502	30 562	30 045
FINANCIAL RESULTS (R000's)			
Working profit	39 327	49 433	88 760
Sundry revenue/(expenditure)—net	289	(1 042)	(753)
Profit before taxation and State's share of profit	39 616	48 391	88 007
Taxation and State's share of profit	22 206	28 826	51 032
Profit after taxation and State's share of profit	17 410	19 565	36 975
Capital expenditure	4 586	5 078	9 664
Dividend declared	27 600	—	27 600

DIVIDEND

Interim dividend No. 82 of 115 cents per share was declared on 2nd December 1986, payable on or about 30th January 1987 to shareholders registered at the close of business on 24th December 1986.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 675 000. The estimated total capital expenditure for the current financial year is R11.7 million.

TRIBUTE AGREEMENT WITH DRIEFONTEIN CONSOLIDATED LIMITED

In terms of a tribute agreement between Driefontein Consolidated Limited and this company concluded on 26th July 1984, a share of profits amounting to R1 747 000 is due to that company for the quarter ended 31st December 1986. This amount has been taken into account in determining "Sundry revenue/(expenditure)—net".

For and on behalf of the board,

C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL (Managing Director)

7th January, 1987

East Rand Proprietary Mines Limited

(Incorporated in the Republic of South Africa)

Registration No. 01/00773/06

ISSUED CAPITAL: R11 088 000 IN SHARES OF R1.00 EACH

OPERATING RESULTS

	Quarter ended 31.12.1986	Quarter ended 30.09.1986
Ore milled (t)	677 000	715 000
Gold produced (kg)	2 298.2	2 383.1
Yield (g/t)	3.40	3.31
Revenue (R/t milled)	101.98	99.99
Cost (R/t milled)	107.17	104.41
Loss (R/t milled)	5.19	4.42
Revenue (R000's)	69 042	71 447
Cost (R000's)	72 555	74 652
Loss (R000's)	3 513	3 205
Gold price received (R/kg)	30 025	30 234
FINANCIAL RESULTS (R000's)		
Working loss	3 513	3 205
Less: Sundry revenue—net	131	312
Loss before taxation and State's share of profit	3 382	2 893
Reversal of provision for taxation and State's share of profit	—	(2 557)
Loss after taxation and State's share of profit	3 382	336
Capital expenditure	28 977	22 058

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R60.3 million.

The increase in capital expenditure of R6.9 million in the December quarter is due to a higher rate of expenditure on the Far East Vertical shaft project.

GOLD HEDGING

The company has sold gold in terms of its gold hedging operations as detailed below:

Quarter	Kilograms of gold sold	Minimum average realisable value per kilogram sold
1987—1st	373	R30 840

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

For and on behalf of the board,

C. G. KNOBBS (Chairman) } Directors
J. R. FORBES (Deputy Chairman)

7th January, 1987

RAND MINES.
BREAKING NEW GROUND EVERY DAY.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

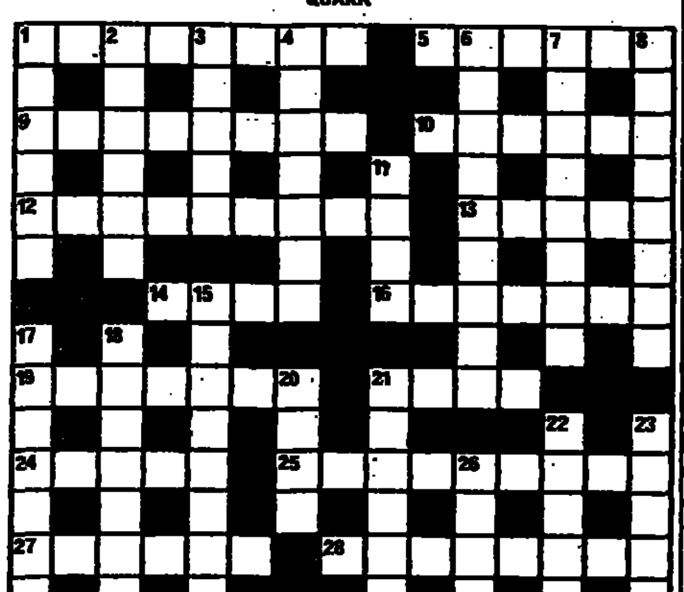
	Bid Price	Offer Price	+ or –	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth			0345 717373	
High Income				
American Income	48.7	51.8	+0.2	5.07
Gilts & Fixed Int.	108.5	114.8	+0.1	10.45
High Inc. Equity	100.8	107.3	+0.6	4.85
Worldwide Bond	202.0	214.8	—	4.52
Capital Growth				
American Growth	158.9	169.0	+0.8	0.88
Asian Pacific	64.3	68.3	+0.4	1.65
Assets & Ergs. Tst.	114.1	121.3	+1.0	2.36
Capital Reserve	66.4	66.8	–0.1	1.52
Commodity & Engy.	103.0	109.5	+1.7	1.06
European Capital	99.7	106.0	–1.3	1.20
General	145.4	154.6	–0.6	2.75
Japan	76.8	81.7	–0.7	0.0
Mastertrust	69.0	73.4	+0.2	2.23
UK Growth Acc Units	160.4	170.6	+1.4	0.92
UK Growth Dist.	111.0	118.0	+1.0	1.33
U.S. Emerging Co's.	55.4	58.9	+0.5	0.08
Equitas Prog.	219.7	233.7	+1.6	3.08
Allied Dunbar Unit Trusts PLC (a)(g)				
Allied Dunbar Centre, Swindon, SN1 1EL				
(0793) 28291.			Dealing (0793) 610366	
Balanced Trusts				
Growth & Inc Trust	141.3	149.8	+0.8	3.02
Capital Trust	236.7	250.9	+1.3	2.75
Balanced Trust	378.5	402.2	+2.5	3.43
Accum Trust	581.5	616.6	+0.7	3.08
Income Trusts				
American Income Tst.	33.9	36.1	—	4.13
High Income Trust	268.8	285.0	+1.8	4.60
Equity Income Trust	148.6	157.5	+0.9	4.89
High Yield Trust	154.6	163.9	+1.1	5.16
Govt Secs Trust	28.3	29.4	+0.1	9.00
International Trusts				

	Bid Price	Offer Price	+ or –	Yield Gross
Baring Fund Managers Ltd				
PO Box 156, Beckenham, Kent BR3 4XQ			01-658 9002	
Australia Tst.	83.7	89.7	+0.8	0.3
Eastern Tst.	77.7	83.1	+1.8	0.3
Equity Income Tst.	61.9	65.8	+0.6	5.8
Europe Tst.	138.3	148.3	–0.9	1.0
Global Growth	39.7	43.5	+0.3	2.2
Growth & Inc Tst.	66.6	72.4	+0.3	3.0
Growth & Inc Tst. Accum.	101.8	110.6	+0.5	3.0
Japan Special Tst.	107.6	114.5	–2.0	0.3
Japan Sunrise Tst.	89.9	95.5	–1.3	0.3
First Europe Tst.	120.5	128.1	–0.7	0.8
First Japan Tst.	87.5	93.1	–3.5	1.1
First Nrth America Tst.	51.9	55.7	—	1.1
First Smaller Cos Tst.	70.5	74.9	+0.5	2.7
Barrington Mgmt Co Ltd (z)				
10 Fenchurch Street London EC3			01-623 8000	
American Smaller Co.	65.2	68.8	–0.1	0.97
(Accum Units)	66.6	70.3	–0.2	0.97
European Fund	101.9	107.5	–0.5	1.22
(Accum. Units)	125.6	132.5	–0.7	1.22
Fund of Inv Ts.	23.4	24.7	+0.1	2.19
(Accum. Units)	30.0	31.6	+0.1	2.19
General Fund	174.5	184.1	+1.5	2.83
(Accum. Units)	241.2	154.5	+2.1	2.83
Gilt Yield	110.5	113.9	+0.5	10.16
(Accum Units)	182.2	187.7	+0.7	10.16
High Yield	98.3	103.7	+0.9	4.19
(Accum Units)	200.5	210.5	+1.7	4.09
Inc Recovery Fund	108.7	114.7	+0.6	1.99
(Accum. Units)	114.9	121.2	+0.8	1.99
Japan Fund	257.7	252.8	–2.4	0.20
(Accum. Units)	239.4	252.6	–2.4	0.20
Japanese Special	109.9	115.9	–0.9	0.09
(Accum. Units)	110.3	116.4	–0.8	0.09
North American	51.6	54.4	+0.2	0.74
(Accum. Units)	60.1	63.4	+0.2	0.74
Pacific Fund	144.7	152.7	+2.3	0.56
(Accum Units)	163.1	172.1	+2.5	0.56
Planned Investment	137.1	148.3	—	3.56
Smaller Companies	91.3	96.3	+0.2	0.95
(Accum Units)	108.9	114.9	+0.3	0.95
Smallers Companies 'A'	91.3	96.3	+0.2	1.39
UK Equity Growth	28.8	30.4	—	1.35
(Accum Units)	48.1	50.7	+0.5	1.35
Worldwide Tech	42.3	44.6	+0.6	1.26
(Accum Units)	42.6	44.9	+0.3	1.26

INSURANCES

F.T. CROSSWORD PUZZLE NO. 6,225

QUARK



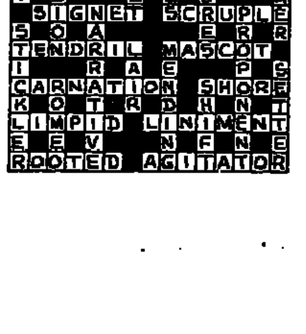
ACROSS

1 Recommend one at the bar? (8)
5 Cut down journalist returns to bed (6)
9 Describes the spirit shown in the theatre? (8)
10 The art of growing small! (6)
12 Inexpensive bank getting way in the City (9)
13 Build vertically (5)
14 Man could be associated with dogs? (4)
16 Cheer e.g. land first in draw for distribution (7)
19 Number 11 may be? (Go on!) (7)
21 Backward glance for what's in camera (4)
24 Top off the earth—it's circular (5)
25 After lap signal, tearing Coe is in contention (9)
27 Little 'elp with fish basket for day's delivery? (2-4)
28 Protectors of vehicle in the forefront (8)
29 Lively L.S.E.? Ron joins for classes (6)
30 Punishment is pronounced by judge (That's one!) (8)

DOWN

1 and 17 Area in N.E. France known for various occupatons (6-8)
2 Eddy's way of life irresistibly engulfing (6)
3 Children's favourite patron saint, not in (5)
4 Ate item about 5? (3-4)
6 Absolve person in former property charge (9)
7 Unreliable—only roughly tuned, say (8)
8 and 23 Requirement of lady with it could be plain (8,6)
11 Some number growing dangerous for shipping (4)
15 Act as surety for two terms in cricket (5,4)
17 see 1 down
18 An affected person to speak with difficulty round top of rostrum (8)
20 Instrument to be near when rising (4)
21 Record issued about a contract (7)
22 Act above the sea territory (6)
23 see 8
26 Mouldy lump? (5)

Solution to Puzzle No. 6,224



AUTHORISED UNIT TRUST & INSURANCES

Cannon Life Group
2-6 High St, Potters Bar, Herts. P. Bar 51122

Equity Gth Sept 29	1.508			—
Retirement	5.364			—
Individual Pension—Distribution				
Managed Pen Fund	293.7	309.2		4.9
Property Pen Fund	132.5	139.5		—
Index-linked Pen Fd	125.8	132.5		—
Series C Pension—Accumulation				
International Pen Fd	190.0	200.0		—
Managed Pen Fd	168.2	177.1		—
Property Pen Fd	126.4	133.1		—
Index-linked Pen Fd	122.4	128.9		—
Gilt & Fxd Int Pen Fd	143.8	151.4		—
Equity Pen Fd	186.9	196.8		—
Managed Funds				
Managed	180.1	189.6	+0.7	—
Property	128.4	135.2	+0.1	—
Gilt & Fxd Interest	135.4	142.6	+0.3	—
Index-linked	111.5	117.4	+1.4	—
Equity	199.3	209.8	+1.4	2.2
Cash	138.9	146.3	+0.2	—
Midland Bank Unit Tst	194.5	204.8	+0.4	—
Midland Bk Managed	194.5	204.8	+0.8	—
Midland Bk Interest	226.5	238.5	−0.1	—

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB 01-902 8876

2nd Series Life Accumulation

Equity	345.0	365.1	+1.8	—
High Income	297.0	314.3	+1.1	—
Property	216.7	229.3	—	—
Managed	252.5	267.2	+0.2	—
Deposit	176.0	186.2	—	—
Gilt	178.9	189.3	+0.8	—
American	252.2	266.9	+1.0	—
International Money	197.3	208.8	—	—
Index	108.7	115.0	+0.1	—
Far East	207.6	219.7	−2.1	—
Global	103.8	109.8	—	—
European	106.0	112.2	−3.8	—
Japan	112.4	118.9	−1.4	—
Residential Property	96.6	102.2	—	—
2nd Series Pension Accumulation				

Crusader Insurance Plc
Reigate, Surrey RH2 8BL 07372 42424

Measured Performance	103.5	109.0	+0.3	—
Performance Plus	104.2	109.7		—
High Profit Perform	97.1	102.8		—
UK Opportunity	103.1	108.6	+0.2	—
European Opportunity	111.1	117.4	−0.3	—
Nth American Opp	100.7	106.2		—
Far Eastern Opp	102.9	108.4	−0.4	—
Gwth Prp Ser 1 Jan 7	141.8	151.0		—
Gwth Prp Ser 2	97.0	102.5		—
Fixed Interest	98.6	104.1	+1.0	—
Gilt	97.2	102.7		—
Managed Pens Uts Jan 1	291.63	299.19		—

Devonshire Life
29 Glasshouse St., W1R 5RG 01-434 3511

Managed	115.2	121.3	+0.5	—
World Growth	99.3	104.7	+0.4	—
UK Equity	119.6	126.0	+1.1	—
UK Small Companies	114.6	120.7	+0.1	—
European	102.7	108.2	−0.9	—
Far Eastern	161.0	169.6	+2.0	—
Nth American	96.2	101.3	+0.5	—
Fixed Interest	105.5	111.2	+0.1	—
Index Linked Stks	99.6	105.0		—
Money	100.2	105.6		—
Pen Managed	127.2	134.0	+0.7	—
Pen World Growth	100.5	105.9	+0.5	—
Pen UK Equity	137.3	144.7	+2.5	—
Pen UK Small Cos	125.2	131.8	+0.3	—
Pen European	101.7	107.2	−0.1	—
Pen Far Eastern	210.1	221.2	+2.7	—
Pen Nth American	93.5	98.4	+0.4	—
Pen Fixed Interest	108.5	114.3		—
Pen Index Lnkd Stks	99.8	105.2	−0.1	—
Pen Money	104.5	110.1	+0.2	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

Secure Fund	104.1	109.6	+0.1	—
Blue Chip Fund	129.2	136.1	+0.6	—
Performance Fund	154.3	162.5	+0.4	—
Adventurous Fund	149.6	157.5		—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Wide Growth Management¢
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... | $17.60 | +0.03 | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Capital Magt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey. 0481 23765
Japan Mega Growth ... | $10.27 | −0.07 | —

Yamaichi Dynamic Magt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... | $17.37 | +0.03 | —
Dynamic Gwth Fd ... | $20.20 | +0.54 | —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund ... | $12.30 | 12.99 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.45	7.81	11.47	3-mth
CAFCASH 7-day Fund	10.51	7.86	11.54	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.75	11.19CAR		3-Mth
The Money Market Trust — 63 Qn Victoria St. EC4N 4ST 01-236 0952				
Call Fund	10.61	7.95	11.57	6mth
7-day Fnd	10.50	7.85	11.40	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	10.54	7.88	11.54	6-Mth
7-day Fund	10.45	7.82	11.21	6-Mth
Dollar	5.00	3.74	5.34	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
MoneiCheq £1,000-£5000	10.00	7.48	10.90	Mth
Mtn. Int Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd — 97-101 Cannon St, London EC4N 5AD 01-283 9111				
High Int. Cheque Acc	11.00	8.22	12.23	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd — 9 Henrietta Place, W1M 9AG 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd — Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited — 1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.375	4.02	5.76	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.00	0.75	1.06	Mth
Japanese Yen	3.50	2.62	3.73	Mth
Citibank Savings — St Martins Hse, Hammersmith Grove 01-581 1422				
Money Market Plus	Top rate	7.65	11.17	Mth
For other rates please 'phone our Rateline 01-581 0629				
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.92	Qtr
£2,500 +	10.38	7.75	11.24	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	10.625	7.94	11.52	Qtr
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	10.25	7.66	11.18	Mth
Legal & General (Money Mngrs) Ltd — 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	10.90	8.15	11.70	6-mth
Lloyds Bank PLC — 71 Lombard St, London EC3P 3BS 01-626 1500				
HighIntCheque Account	10.00	7.70	11.16	Qtr
Lombard North Central PLC — 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	10.37	7.75	10.91	—
M & G/Kleinwort Benson — M & G Hse., Victoria Rd., Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	10.12	7.56	11.03	Daily
Midland Bank plc — PO Box 2, Sheffield. 0742 528655				
High Int Chq Acc	9.97	7.45	10.79	Qtr
£10,000 +	10.30	7.70	11.16	Qtr
M.I.M. Britannia Ltd — 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.25	7.66	11.1788	—
NatWest Special Reserve Account — 41 Lothbury, London, EC2P 2BP 01-256 9933				
£2,000 to £9,999	10.25	7.625	11.05	Qtr
£10,000 and above	10.375	7.75	11.24	Qtr
Oppenheimer Money Mgmnt Ltd — 66 Cannon St, EC4N 6AE 01-236 1425				
Money Mngt. Acct.	10.375	7.76	11.27	3-Mth
Phillips & Drew Trust Ltd — 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	10.75	8.04	11.66	Qtr
Provincial Trust — 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	11.00	8.22	12.03	Mth
Royal Bank of Scotland plc — 42 St Andrew Sq, Edinburgh EH2 2YE 031-557 0201				
Premium Account	10.37	7.75	11.24	Qtr
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.10	7.55	11.64	Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	10.61	7.93	11.50	Qtr
Money Acc	10.53	7.87	11.42	Qtr
J. Henry Schroder Wagg & Co Ltd — Enterprise House, Portsmouth 0705 827733				
Special Acc	10.00	7.48	10.90	Mth
Over £10,000	10.25	7.66	11.17	Mth
Western Trust & Savings Limited — The Moneycentre, Plymouth PL1 5E 0752 224141				
High Int Chq Acc	11.06	8.27	12.01	Qtr
Wimbledon & South West Finance Co Ltd — 114 Newgate St, London EC1A 7AE. 01-606 9485				
High Int Cheque Acc	11.25	8.41	12.23	Qtr

NOTES—Gross: rate is those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	40	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

LCE in dispute over 'locals'

BY ANDREW GOWERS

MEMBERS OF the London Commodity Exchange, which operates futures markets for sugar, coffee and cocoa, meet today to take a decision which Mr Saxon Tate, the LCE chairman, has portrayed as crucial to its future: whether to admit so-called "locals," or individuals trading on their own account, to the Exchange floor.

Mr Tate believes locals — which are an established feature of the big US futures exchanges and of the London International Financial Futures Exchange — would help to boost liquidity on the London soft commodity markets and of their sister market in energy futures, the International Petroleum Exchange.

In a poll of exchange members last year, insufficient trading volume was identified as the biggest single problem causing it to lose international market share. Mr Tate, who was appointed more than a year ago with a mandate to improve the image and competitive position of the LCE, points out that increasing liquidity would also help to boost returns to the exchange's shareholders, its current members.

However, there are signs that significant opposition to the plan to admit new members will surface at today's meeting of trading companies. While members of the sugar market, which has suffered the hardest from poor liquidity, are enthusiastic about the idea, the coffee market seems less keen and a sizeable proportion of cocoa market members — traditionally the most conservative quarter of the LCE—is fiercely opposed.

The proposal being put to members is that for a fee of £10,000, individuals should be allowed access to all LCE and IPE futures contracts, together with traded options on them. After the LCE's move to its purpose-built new headquarters by the Tower of London, scheduled for Easter, ill these contracts will be trading on the same floor. Locals would be allowed to trade for their own account, for each other and for the account of other authorised floor members of the two exchanges, but not for outside clients.

To varying degrees, opposition has been expressed by traditionalist members of the exchange with a bias towards physical trade and from traders which derive important amounts of their income from "jobbing"

The trade members argue that their markets are perfectly viable without locals, and fear that the advent of individual members would fundamentally alter the character of the exchange. The other objectors fear that locals would reduce their chances of making money in own-account business.

The IPE itself recently decided in principle to admit locals, but the move was preceded by fierce disagreements and would be nullified by a "no" vote today. "An awful lot of the IPE business is actually jobbing by floor members, so in effect IPE floor members are already acting as locals," said one observer.

Mr Tate is reasonably confident that the locals plan will be passed today. If it is not—and such adecision was not being ruled out yesterday—then it will amount to an embarrassing setback to efforts to reform the LCE and to improve the image of the commodity markets in the rest of the City.

Meanwhile, LCE and IPE members have approved rules to smooth the way for the introduction of traded options on coffee, cocoa, sugar and gasoil futures, possibly in early May. The exchange authorities are hoping to sign up at least 20 members to trade options by the end of the month.

EEC agri-money talks tomorrow

BY TIM DICKSON IN BRUSSELS

EEC EXPERTS will meet in Brussels tomorrow to discuss the implications of yesterday's realignment of currencies in the European Monetary System for Community farmers. The 3 per cent revaluation of the D-Mark and Dutch guilder and the 2 per cent upward adjustment of the Belgian Franc have come at a particularly sensitive time with West German elections due in under two weeks and the Commission's price proposals for the 1987 marketing year likely to be unveiled at the beginning of February.

The intense negotiations over EMS parities are highly relevant to the agricultural sector because the outcome affects the level of farm prices in individual member states and has a significant impact on trade flows across national boundaries. Yesterday's decision could also increase the cost to the Community of subsidising farm exports in world markets, thereby putting new strains on the EEC budget.

Under the complex system of monetary compensatory amounts (MCAs)—a series of import subsidies and export taxes levied at borders and designed to counteract the effect on European farm trade of currency fluctuations — the consequences of yesterday's EMS realignment should theoretically be neutral. But it *is* not that simple. At the meeting of the Commission and member state representatives tomorrow now *negative* MCA levels will be fixed to offset the competitive advantage to the weaker currency countries in the Community. The most delicate issue is likely to be French insistence that no negative MCAs should be created for the pig and poultry regime, which was temporarily suspended as a result of disagreements last year.

The Commission has been formally charged in the Communique to "seek the agreement of the member states before proposing in certain special cases agrimonetary measures which flow from the present realignment."

Meanwhile, due to an agreement in 1984, German farmers do not have to accept an effective cut in the Ecu-denominated farm prices as a result of the new appreciation of their currency. However, it is expected that other countries will press for green rate devaluations during the next agricultural price-fixing round, thereby providing their own farmers with effective price increases in national currencies and indirectly increasing the pressure on the Germans. This could significantly affect the tactics of member states during the forthcoming price negotiations.

Soviet buying cheers UK grain trade

BY JOHN BUCKLEY

REPORTS THAT the UK will supply 500,000 tonnes each of wheat and barley out of a new Soviet purchase of 4m tonnes of EEC grain, have breathed new life into a cereal market that was threatening collapse towards the close of 1986.

Traders are in no doubt that the Soviet orders are bullish news for the French market which is expected to supply 2m tonnes of the Soviet wheat business. France has already had to halve its intervention stocks to some 1.7m tonnes to keep other export markets fed in the wake of a 2.5m-tonne fall in its 1986 soft wheat crop to 25.5m tonnes. "The Soviet business will bleed France dry of residual supplies," said one UK-based multinational shipper, adding "If French prices continue to rose, the UK cannot ignore the situation."

The remaining 1m tonnes of Soviet wheat imports will be supplied by West Germany, which has also seen a 20 per cent decline in its grain intervention stocks so far this season.

Moscow's reappearance puts a new complexion on UK export prospects which traders had expected to decline from their peak October-November levels as a direct result of the European Commission's attempts to avert a farm trade war with the US. Traders had feared record Spanish demand for UK wheat and barley would be diverted to French and third country maize which—under the terms of a pact agreed last summer—enters the Community at a special discount.

This factor remains a potent depressant, *however*, since Spain has been obliged under the pact to ship in more maize than it needed in November and December. "Silos there are chock-a-block so we don't expect any interest from the Spaniards to come forward in January," said one shipper. If the EEC agrees with the US to take committed shipments in despite of the recent US decision to impose sanctions on EEC wine, spirits and foodstuffs, Spain has a choice of freeing the grain for the open market—which would drive prices down — or placing it into intervention and letting it trickle out gradually at higher prices. "If the latter, then UK wheat will become competitive to Spain again so perhaps in February or March they'll come back to our market," said the shipper

Sri Lanka and Iran in oil and tea deal

BY MERVYN DE SILVA IN COLOMBO

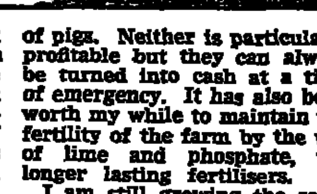
SRI LANKA will buy 240,000 tonnes of crude oil from Iran this year (about 4,800 barrels a day) and Iran has agreed to take at least 13m kgs of Sri Lankan tea, returning to the 1984 level. Having halved its purchases in 1985 Iran stayed away from the Colombo tea auctions until November last year.

The agreement follows a five-day visit to Iran by Mr Ronnie De Mel, Sri Lanka's Finance Minister, during which he had talks with the President, the Prime Minister, the Minister of Finance and the Foreign Minister in what he called "the first serious bid to expand relations, especially economic, with this major Indian Ocean country." Iran wanted Sri Lanka to buy 120,000 tonnes of oil in each quarter, but Mr De Mel pointed out that Sri Lanka was also obliged to purchase crude from Iraq and Egypt, two major tea buyers.

Iran had similar difficulties about tea, Mr Del Mel said. Its annual consumption of tea is 76m kgs while local production was given as 55m kgs, a figure about which the Sri Lankan Tea Board is sceptical. Iran has in fact asked for Sri Lankan experts to help increase domestic production. The real difficulty is that Iran buys more than half its tea imports from India, a big buyer of Iranian crude.

Iran will assist Sri Lanka in two fields, oil exploration and fisheries, while Iran has requested Sri Lankan assistance tea and rice production. Sri Lanka is keen to sell rubber, coconut and coir products, and spices while Iran has offered petro-chemicals, pharmaceuticals, trucks, lorries, buses and electrical goods.

Backing off the high-yield throttle



FARMER'S VIEWPOINT

By John Cherrington

AMID THE current gloom over the projects for farming, the only certainty is that milk quotas are to be cut again, but beef, already a poor sector, could well get a great deal worse. So far we have not heard much about this year's cereal arrangements but it looks as though there could well be a fall in price of at least 10 per cent probably spread across the arable sector. In addition there is the threat of a suspension of intervention buying.

This could be very serious. Except for cereals, where a few farmers actually use it themselves, intervention—that is, selling at guaranteed prices into official warehouses—is generally used by the trade and manufacturing interests. Under the present rules, much tightened up last year, intervention is generally the buyer only when all else fails. Any commodity market trying to survive without intervention support of some kind would be dragged down to the level of the weakest sellers.

Faced with this scenario it is surprising that I have heard of few farmers giving up or throttling down the productive processes of their farms. There is plenty of talk of looking for alternative crops and land uses but almost all of them are blind alleys offering little scope for expansion. Yet it is still to good farming that the average farmer is looking.

Let us just look at cereals of which there will be a surplus of anything up to 5m tonnes at the end of the current cereal arcreage. One hears a about 2m acres, one-fifth of the cereal acreage. One hers a lot about "deintensification"—that is, restricting use of fertilisers and chemical sprays so that output drops to match total requirements. But farming does not work like that. Yields can vary seasonally by 20 per cent either way. We have found that the best policy has been to farm as well as we can, while keeping our costs to the minimum compatible with that aim.

Like probably 50 per cent of British farmers my main fixed costs — interest and rent for a proportion of my land — is low and the rest is bought and paid for. A few years ago I resisted the offer of the farm-land next door, otherwise I would have been carrying an annoying burden of debt. I had borrowed plenty, in the past, but that was when long-term interest rates were 4 or 5 per cent, less than half today's level.

At the same time I have maintained the efficiency of my machinery and buildings for grain storage, and have a good flock of sheep and a small herd of pigs. Neither is particularly profitable but they can always be turned into cash at a time of emergency. It has also been worth my while to maintain the fertility of the farm by the use of lime and phosphate, the longer lasting fertilisers.

I am still growing the same proportions of wheat and barley. But instead of the heavier yielding feed varieties I have opted for quality and am trying to achieve milling and malting standards. These types don't yield quite so well but in a way they are easier to grow and they do not seem to need quite as many inputs. Last harvest the gamble came off and all my wheat and barley earned a financial premium — for the first time ever, I must admit.

I also grew oats which do not receive any EEC support but they were in short supply and luckily the Scots still needed them. But I shall wait to see the planting figures before I decide to plant them this time. I am also putting in another 50 acres of spring beans which, although they paid quite well were so late last harvest that they will seriously affect the next crop which should have been wheat.

There is a serious question mark over these pulse crops as subsidising them costs the EEC twice as much as cereals.

I have also wound down my farming to the extent that I do not try to plant as much as I can in the autumn. This had led to attempting too many short cuts in cultivation, and consequent infestation by weeds of different kinds. These could be controlled to some extent but it was expensive in sprays and the results were not always successful.

In addition I have given up what might be called the blue-print approach to sprays and fertiliser.

Instead of sending out the sprayer according to the date and the instruction book, the field is walked first, the need assessed and the value of the exercise decided. It may lead to slightly weedier fields, but on balance more profitable ones.

This is in no sense a guide for every farmer because every farm is different. My land is poor and does not lend itself to intensive farming of vegetables and sugar beet. Such land will repay intensification if the produce can be sold at a profit. Fortunate are those so situated.

Having always farmed marginal land, both here and abroad, I adopted a simple side of husbandry. Instead of following the counsels of perfection I decided instead to find out how few of the rules of good farming I needed to keep in order to maintain my returns at slightly more than my expenses. So far it has worked well enough.

New York white sugar futures planned

By David Owen in Chicago

NEW YORK'S Coffee, Sugar and Cocoa Exchange is planning to launch a world white sugar futures contract to complement its existing raw sugar instruments. This would be the second international white sugar futures vehicle, following the Paris Bourse's success with such a contract.

The proposed contract unit, which has been submitted to the Commodity Futures Trading Commission for approval, is 50 tonnes of white beet or cane sugar The CSCE'S sugar complex at present comprises a world raw sugar futures contract (no. 11) and an option on it, as well as a domestic raw sugar futures contract (no. 14).

Explaining the timing of the application, which he says has been under consideration for some time, Mr James Bowe, the CSE's senior vice president, points to the "changing nature" of the sugar market, particularly the increased proportion of exports moving in refined rather than raw form.

Despite what some in the trade describe as "a bias to US ports," the exchange is provisionally touting the proposed new contract as having bona fide international appeal. "We would expect business from around the world," says Mr Bowe.

It may therefore be regarded as a potential competitor for the Paris Bourse's white sugar futures contract—notwithstanding the prospect of some mutually beneficial arbitrage business and the difference in time zones.

The Paris contract, very much the Bourse's flagship future at present, traded over 460,000 contracts in the first 10 months of last year. Plans to capitalise on the contract's success by launching a complementary option are in the pipeline.

The view in the trade appears to be that the eventual appeal of a New York white sugar futures contract would lie primarily on the domestic front, however.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)
Aluminium	+5,625 to 115,800
Copper	+1,150 to 176,300
Lead	-4,525 to 33,050
Nickel	-504 to 6,870
Tin	-1,245 to 37,790
Zinc	+5,325 to 22,625
	(ounces)
Silver	-118...000 to 23,070,000

LONDON MARKETS

GOLD added to last week's advance yesterday with the London bullion market price closing $6.75 higher at $411 a troy ounce. Dealers said buying was encouraged by the strength of platinum—up $33 at $38.50 an ounce—following weekend unrest in South Africa. A weaker dollar and rising oil prices also played a part, they said. On the London Metal Exchange zinc prices came under further pressure from news of a sharp rise in LME warehouse stocks last week. The cash price closed at an 8-month low of £506.50 a tonne, down £23.50 from Friday. Dealers noted that producers appeared to make no attempt to support the zinc market and reported trade talk of an imminent cut in European producer prices. Coffee prices also fell heavily reflecting a weaker tone in New York. On the London futures market the March position slid to a 15-month low of £1,575 a tonne before closing £50.50 down on the day at £1,597.50 a tonne. Last week's reopening of Brazilian export registrations at relatively low prices has added to the existing bearish mood of the market, they said.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	786-7	—10.75	787.5
3 months	795-5.5	—8	801/795

Official closing (am): Cash 787.5-8 (795-8.5), three months 796.5-7 (801.5-2), settlement 788 (795.5). Final Kerb close: 796-7. Turnover: 5,225 tonnes

COPPER

Grade A	Unofficial close	+ or —	High/Low
Cash	912.5-3.5	—0.5	914.5/914
3 months	935.5-6	—0.5	938/934

Official closing (am): Cash 914-4.5 (915-5.5), three months 936-6.5 (937.5-8), settlement 914.5 (915.5). Final Kerb close: 934-5.

Standard		
Cash	886-8	—0.5
3 months	912-3	—0.25

Official closing (am): Cash 888-90 (887-90), three months 912-5 (913-4) settlement 890 (same). US Producer prices 64-67.50 cents per pound. Total Turnover: 12,950 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	322-3	—7	331/325
3 months	303-3.5	—1	306/300

Official closing (am): Cash 331-2 (330-1), three months 305-5.5 (303.5-4), settlement 332 (331). Final Kerb close: 300-1. Turnover: 11,975 tonnes. US Spot: 24-29 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2305-10	—22.5	2320
3 months	2355-8	—25	2365/2340

Official closing (am): Cash 2,328-32 (2,335-40), three months 2,376-80 (2,388-90), settlement 2,332 (2,340) Final Kerb close: 2,335-45) Turnover: 516 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	506-7	—23.5	514/500
3 months	503-4	—21.25	517/496

Official closing (am): Cash 511.5-2 (537-8), three months 508-8.5 (526-7) settlement 512 (538). Final Kerb close: 496-7. Turnover: 14,325 tonnes. US Prime Western: 42-44.75 cents a pound

TIN

KUALA LUMPUR TIN MARKET—Close 17.32 (same) ringgit per kg.

GOLD

Gold rose $6¾ an ounce from Friday's close in the London bullion market yesterday to finish at $410¾-411¼. The metal opened at $410-410½ and traded between a high of $411½-412¼ and a low of $408¾-409. Demand for gold increased following its break through the $405 level in the Far East. A weaker dollar also helped sentiment as did an improvement in other precious metals.

GOLD BULLION (fine ounce) Jan. 12		
Close	$410¾-411¼	(£275¾-276¼)
Opening	$410-410½	(£276¼-277¼)
M'n'g fix	$409.90	(£276.399)
Aft'n'n fix	$411.10	(£276.686)

GOLD AND PLATINUM COINS		
Am Eagle	$423-428	(£283¾-287¼)
Mapleleaf	$421½-426½	(£282½-285¾)
Kr'g'r'nd	$410-413	(£276-277)
½ Krug	$204¼-216½	(£137¼-145¾)
¼ Krug	$102¼-110¼	(£68½-74)
Angel	$418-421	(£280½-282½)
1/10 Angel	$41¾-46¾	(£28-31¼)
New Sov.	$96-99	(£64¼-66½)
Old Sov.	$97-98½	(£65-66)
$ 20 Eagle	425-465	(£285¼-312)
Noble Plat	$564-565	(£378¼-377¾)

SILVER

Silver was fixed 8.85p an ounce higher for spot delivery in the London bullion market yesterday at 371.90p. US cent equivalents of the fixing levels were: Spot 550.8c, up 12c; three-month 558.65c, up 12.05c; six-month 566.6c, up 12.1c; and 12-month 582.65c, up 12.25c. The metal opened at 373-374½p (553-555c) and closed at 374½-376p (558-560c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	371.90p	+8.85	375.5p	+8.5
3 months	381.60p	+8.90	385p	+8
6 months	391.25p	+8.95	—	—
12 months	410.70p	+7.60	—	—

LME—Turnover: 1 (12) lots of 10,000 ounces.
Three months final kerb 382-3p

COTTON

LIVERPOOL — Spot and shipment sales for the week commencing January 5 1987 amounted to 447 tonnes. Moderate trading with interest in Paraguayan, Chinese, Israeli, Russian, Turkish and West African growths.

MEAT

MEAT COMMISSION—Average fat-stock prices at representative markets GB—Cattle 95.39p per kg lw (+0.82) GB—Sheep 190.10p per kg est dcw (—12.27) GB—Pigs 75.12p per kg lw (+0.25)

INDICES

REUTERS

Jan. 12	Jan. 9	M'th ago	Year ago
1600.8	1600.4	1637.2	1857.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 12	Jan. 9	M'th ago	Year ago
Spot	114.59	114.15	—	132.46
Fut	115.77	115.73	—	158.19

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 12 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1240/1260	—5	$1215/1235
Copper			
Cash Grade A	£915	—0.5	£932.5
3 mths	£935.75	—0.5	£951.75
Gold Troy oz	$411	+6.75	$394.25
Lead Cash	£322.5	—7	£309.5
3 mths	£303.25	—1	£325.25
Nickel			
Free Mkt	157/177c	+0.5	161/181c
Palladium oz	$127.25	+3.5	$118.25
Platinum oz	$538.50	+33	$495.25
Quicksilver†	$155/165		$155/165
Silver troy oz	371.90p	+8.85	379.80p
3 mths	381.60p	+8.90	388.70p
Tin			
free Mkt	£4580/4620	—20	£4580/4620
Tungsten	$41.44		$47.64
Wolfram 22.4lb	$35/42		$35/42
Zinc	£506.5	—23.5	£540.5
3 mths	£503.5	—21.25	£537.25
producers	$870		$870
OILS			
Coconut (Phil)	$430y	+10	$385
Palm Malayan	$300w		$275
Copra (Phil)	$350		$350
Soyabean (U.S.)	$145	—1	$146
GRAINS			
Barley Fut. Mar.	£112.85		£114.05
Maize	£145.00		£143.50
Wheat Fut. Mar.	£113.65	+0.2	£112.75
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1,399	—10.5	£1436
Coffee Ft. Mar.	£1597.5	—38.5	£1785.5
Cotton A Ind.*	66.20c	+0.1	59.85c
Gas Oil Mar.	$168	+8	$139
Rubber (kilo)	66.25p	+0.5	64.5p
Sugar (raw)	$156x	+5	$158
Wooltops 64s	427p kilo		427p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. w Feb. y Feb-March.

SOYABEAN MEAL

Prices traded higher on the nearby positions reflecting expected demand because of the European cold snap. Despite a weaker dollar and a poor Chicago opened, values remained steady, reports Muirpace.

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
Feb	128.8-130.4	+0.90	129.0
April	128.7-128.8	+0.70	129.0
June	121.7-122.2	—0.30	122.2
August	120.8-121.0	—0.75	—
October	121.6-122.2	—0.35	122.0
Dec	122.6-124.4	—1.25	124.0
Feb	125.0-127.0	—0.50	—

TAKE IN TABLE
Sales: 198 (170) lots of 20 tonnes.

COFFEE

A weak close in New York on Friday prompted further commission house liquidation, reports Drexel Burnham Lambert. By midday the market had breached new lows and lost up to £89. A weak performance in New York kept London under pressure.

COFFEE	Yesterday close	+ or —	Business Done
Jan	1600-1605	—53.5	1645-1590
Mar	1596-1599	—50.5	1630-1575
May	1619-1620	—48.0	1650-1600
July	1642-1745	—54.0	1670-1630
Sept	1570-1772	—54.0	1700-1765
Nov	1585-1709	—37.5	—
Jan	1690-1720	—40.0	—

Sales: 4,705 (3,737) lots of 5 tonnes. ICO indicator prices (US cents per pound) for January 9: Comp. daily 1979 121.27 (121.11); 15-day average 124.20 (124.83).

COCOA

Currency considerations dominated a quiet trading session as prices eroded on arbitrage selling and finished near the day's lows. Light industry offtake was in evidence while producers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's close	+ or —	Business Done
	£ per tonne		
March	1373-1375	—11.0	1381-1371
May	1398-1400	—10.5	1407-1398
July	1425-1427	—10.5	1435-1425
Sept	1450-1455	—10.0	1457-1450
Dec	1478-1480	—10.5	1485-1478
March	1505-1507	—11.5	1518-1507
May	1520-1530	—11.0	1534-1532

Sales: 2,128 (3,578) lots of 10 tonnes. ICCO indicator prices. Daily price for January 12: 89.10 (89.15); five-day average for January 13: 89.20 (89.55) US cents a pound. Daily price 1,582.28 (1,598.90); 10-day average 1,621.70 (1,627.22) SDR's per tonne.

GRAINS

	WHEAT		BARLEY	
Mnth	Yestrdy's close	+ or —	Yest'rdy's close	+ or —
Jan	111.40	+0.45	110.75	+0.10
Mar	113.65	+0.25	112.85	—
May	116.05	+0.15	114.85	
July	118.10	+0.10		
Sep	100.60	—0.05	100.10	—0.05
Nov	102.65	—	102.85	—0.05
Jan	105.60	—	105.60	—0.05

Business done—Wheat: Jan 111.40-1.15, March 113.75-3.65, May 116.15-6.05, July untraded, Sept 100.70-0.60, Nov 102.65, Jan 105.60. Sales: 156 lots of 100 tonnes. Barley: Jan 110.75-10.65, March 112.85-2.80, May untraded, Sept 100.10, Nov and Jan untraded. Sales: 73 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed Barley: Eastern 111.00, E. Midlands 112.80, N. East 112.00, Scotland 112.00. The UK monetary coefficient for the week beginning Monday January 19 is unavailable due to the EMS realignment.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: Feb 104.50, March 105.25. US No 2 Soft Red Winter: Jan 103.25, Feb 105.25. French 11½-12 per cent: Jan 141.75. English Feed, fob: Jan 116.00-116.50, Feb 117.00 buyer, March 118.00 buyer, April/June 119.00-120.00 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Dec 143.00. Barley: English feed, fob: Jan 117.00 seller English, Feb 116.50 seller English/Scottish, Feb 117.25 seller English, March 117.50 seller English/Scottish. 118.25 seller English.

POTATOES

The extreme weather caused heavy short-covering and speculative buying throughout the day, with the opening value on April at £169.00 and subsequent trading at £170.00. After the midday close on a firm note at the morning highs, afternoon trade continued the advance, albeit more slowly, to close fully steady just off the high, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb.	115.00	107.50	—
Apr.	175.70	169.70	177.00-168.00
May	195.40	181.80	195.80-188.00
Nov.	89.00	88.50	—
Feb.	100.50	98.00	—

Sales: 2,680 (1,834) lots of 40 tonnes

US MARKETS

THE COLD WEATHER in Europe prompted heavy European buying in energy futures with good trade and commission house buying in both the crude oil and heating oil futures, reports Drexel Burnham Lambert. Both markets remained steady. Though with pared gains as a result of profit-taking and long liquidation.

All the metals were strong, with commission house and local buying in all markets touching off stops and penetrating overhead resistance. Again, profit-taking and long liquidation saw prices decline from the day's highs. Early large-scale local buying in platinum futures helped prices advance to the resistance area beginning $545, basis April, but heavy long liquidation prompted a sell-off before the close.

Origin selling and profit-taking in coffee futures depressed prices, while uncertainty over the forthcoming ICCO meeting held cocoa futures in a narrow range Profit-taking and good trade selling reversed earlier gains on commission house buying in sugar futures before good support emerged at the lows. Maize futures were steady as a result of reported USSR buying and consequent firmness in cash premiums. Short-covering and fresh buying was also indicative of higher certificate values implying smaller redemptions.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	52.40	—	—	52.15
Feb	52.55	—	—	52.30
March	52.70	52.95	52.65	52.45
May	52.85	—	—	52.55
July	53.00	52.75	52.70	52.65
Sept	53.10	—	—	52.70
Jan	53.50	—	—	53.10
March	53.65	—	—	53.25
May	53.75	—	—	53.35

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
May	57.85	58.00	56.55	57.30
July	57.30	57.60	56.30	57.05
Oct	56.61	56.75	56.05	56.42
Dec	56.10	56.30	55.15	55.90
March	56.45	56.35	56.25	56.25
May	56.85	56.80	56.80	56.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
Feb	19.02	19.20	18.90	18.77
March	18.95	19.18	18.85	18.77
April	18.75	18.97	18.65	18.60
May	18.48	18.75	18.42	18.38
June	18.25	18.47	18.22	18.20
July	18.05	18.27	18.00	18.05
August	17.90	18.20	17.90	17.93
Sept	17.80	17.91	17.75	17.81
Oct	17.95	18.05	17.95	17.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	530.9	540.0	529.0	520.9
March	530.0	—	—	522.9
April	534.0	545.0	531.0	522.8
July	537.5	548.0	536.0	527.3
Jan	545.5	551.0	550.0	536.3
April	550.5	—	—	540.3

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	409.7	412.0	410.0	409.0
Feb	410.2	414.0	408.5	407.2
March	417.5	433.5	411.5	409.1
April	414.0	416.0	413.2	411.2
June	417.5	421.2	417.0	414.4
August	421.0	426.5	422.5	438.0
Oct	424.4	427.0	426.0	421.3
Feb	431.9	434.0	432.3	428.7
June	438.5	—	—	436.1
Oct	424.4	427.0	428.0	421.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	54.60	5.20	54.05	53.01
March	54.05	54.80	53.80	52.82
April	52.75	53.00	51.60	51.27
May	50.20	51.30	49.90	49.60
June	48.80	50.25	48.80	48.80
July	49.80	50.00	49.35	48.84
August	49.15	49.80	49.15	48.75

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	122.75	124.00	122.30	121.80
March	124.60	126.80	123.70	123.10
May	125.15	127.20	124.80	123.90
July	126.70	128.00	124.80	124.65
Sept	125.70	126.80	126.70	125.65
Jan	127.30	—	—	127.10

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	546.0	560.0	556.8	540.5
Feb	557.2	—	—	551.7
March	560.0	567.0	549.5	554.5
May	565.7	573.0	554.3	560.0
July	571.1	576.0	560.6	565.2
Sept	576.9	584.5	576.5	570.5
Jan	588.3	—	—	582.6
March	594.5	595.5	595.0	588.5
May	601.1	—	—	594.7

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	6.56	6.75	6.55	6.83
May	6.75	6.93	6.72	6.96
July	6.96	7.09	6.88	7.02
Sept	6.96	7.15	7.07	7.25
Oct	7.09	7.27	7.09	7.20

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	58.30	58.60	57.85	57.72
April	58.40	58.45	57.85	57.72
June	57.32	57.40	56.90	56.87
August	56.07	56.10	55.70	55.75
Oct	54.70	54.80	54.30	54.40

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	47.42	47.30	46.90	47.27
April	42.87	43.30	42.25	42.60
June	45.85	46.90	46.00	45.35
July	45.85	45.75	44.90	45.22
August	43.32	43.90	43.05	43.17
Oct	40.30	40.60	40.10	40.30
April	38.32	38.75	38.70	38.72

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	160.6	160.6	158.0	156.6
May	167.2	167.2	165.0	163.6
July	171	171.4	169.0	168.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	143.3	143.8	143.3	143.7
Jan	144.1	144.0	144.2	144.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	15.85	15.85	15.84	15.52
March	16.72	16.15	15.86	15.72
May	16.37	16.40	16.14	15.98
July	16.47	16.50	16.28	16.15
August	16.32	16.35	16.15	16.07
Sept	16.25	16.25	16.00	15.93
Oct	16.04	16.08	15.95	15.72
Dec	16.05	16.05	15.80	15.65
Jan	16.00	16.00	16.00	15.70

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	278.2	279.4	276.0	277.6
May	263.0	265.0	262.0	263.0
July	246.4	246.4	244.4	244.0
Sept	246.4	246.4	245.2	244.2
Dec	253.2	253.2	251.4	251.0
March	278.2	279.4	276.0	277.6

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 560.0 (544.5) cents per troy ounce.

RUBBER

PHYSICALS — The London market steadier, attracted little interest and closed unchanged, reports Lewis and Peat. Closing prices (buyers): Spot 66.25p (64.75p); Feb 64.50p (63.75p); March 64.50p (64.00p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 227 (228) and SMR 20 207

FUTURES—Index 688, Feb 680-690, March 680-695, April-June 690-700, July Sept 698-711. Sales: Nil.

OIL

The cold weather caused Brent to gain 40c during a day of active trade and enthusiastic enquiry for dated cargoes. February WTI opened 22c up on Nymex but traded only 19c up at 1.30 pm EST. In the petroleum products market gas oil prices rose sharply on demand due to cold weather in North West Europe. Naphtha followed firmer gas oil. Gasoline was quiet and stable. Fuel oil was firm in this trade—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)—Feb.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.45-17.55	+0.20
Brent Blend	18.75-18.80	+0.40
W.T.I. (1pm est)	18.95-19.00	+0.40
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	185-192	—2
Gas Oil	177-179	+11
Heavy fuel oil	109-111	+4
Naphtha	171-175	+8

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Feb	173.50	+9.25	174.75-70.00
Mar	166.00	+8.50	166.75-64.55
Apr	161.50	+6.50	162.00-60.55
May	156.75	+5.75	159.00-56.75
June	156.50	+8.50	158.50-54.50

Turnover: 5,350 (4,343) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close	+ or —	Business Done
	US $ per tonne		
Feb	113.50	+7.50	106.00-104.00
Mar	110.50	+7.50	103.00-102.00
Apr	106.75		

Turnover: $ 135) lots of 100 tonnes

TEA

At the London tea auction there were 36,109 packages on offer, including 5,200 offshore, reports the Tea Brokers' Association. A fair demand prevailed. Brighter Assams met good competition at fully firm to occasionally dearer rates while mediums were irregular but mainly 2-4p easier. There were few withdrawals. Selected Bangladesh teas held values but the remainder shed 3-5p. Bright liquoring East Africans were firm with best lines dearer by the close, but mediums lost 2-4p and plainer dusts continued rather weak. Central Africans followed a similar pattern and plainer sorts lost 4-6p. Ceylons again came in for limited demand with BOPFs 4-6p lower and brokens and dusts 5-10p easier where sold. Offshore teas received selective enquiry at generally easier rates. Quotations: quality 175p a kg nominal (175p nominal) — medium 145p a kg (148p) — low medium 108p a kg (111p)

SUGAR

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Mar	147.0-147.4	147.8-147.8	150.4-146.4
May	151.8-151.4	152.8-152.8	155.2-151.0
Aug	156.0-156.8	156.8-158.0	158.6-156.8
Oct	158.8-158.8	158.0-159.4	162.4-161.8
Dec	161.8-164.8	162.8-164.0	
Mar	171.0-174.8	172.8-174.0	—
May	175.8-178.8	176.0-178.0	

PARIS — (FFr per tonne): March 1175-1180, May 1200-1205, Aug 1250-1255, Oct 1280-1295, Dec 1325-1335 March 1375-1385.

LONDON DAILY PRICE—Raw sugar $156.00 (£105.00), up $5.00 (up £2.50) a tonne for January-February delivery White sugar $186.00, up $6.00.

Sales: 2,444 (2,749) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £209.50 (£207.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for January 9: Daily price 6.05 (5.63); 15-day average 5.47 (5.43).

FREIGHT FUTURES

The market was sharply higher on the opening following confirmation over the weekend of another rise in the Gulf/Japan rate, this time to $14.00 Profit-taking towards the close erased most of the gains, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Jan.	804/806	836/805	790
April	810	835/810	810/811
July	685/695	710/695	690/695
Oct	800/805	830/819	813
Jan.	830	840	800/840
Apr.	880	880/817	825/830
July	740/745	740	740
Oct.	815/835	880	820/850
BFI.	788.5	—	765.5

Turnover. 629 (858).

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls after EMS change

ATTENTION SWITCHED back to the US dollar after the weekend realignment of EMS currencies. Renewed bearish sentiment pushed the dollar below the important DM 1.90 level against the D-Mark despite support by the Bank of Japan and the West German Bundesbank. Early trading had suggested that another assault on the DM 1.90 level was likely but during the morning the trend lacked sufficient impetus to overcome central bank intervention. The Bundesbank was active buying dollars in the open market and at the fixing in Frankfurt.

This discouraged sellers for a while but afternoon trading saw renewed liquidation of dollar positions and in the absence of any further central bank activity, the dollar fell to a low of DM 1.8890 before closing at DM 1.8905, its worst closing level since November 1980. Against the yen it fell to Y156.70 from Y158.10 and SFr 1.5805 compared with SFr 1.6045. It was also weaker against the French franc at FFr 6.2875 from FFr 6.3975, its worst level since June 1982. On Bank of England figures, the dollar's exchange rate index fell from 107.9 to 106.9.

Early trading in Europe suggested no clear pattern to start with. Traders were busy assessing the implications of a 3 per cent rise in the D-Mark and Dutch guilder and a 2 per cent rise in the Belgian and Luxembourg francs. There was surprise that the Danish krone was not devalued, since it was already one of the weakest members before the re-alignment. In Paris the D-Mark was quoted at FFr 3.3175 in early trading compared with an upper limit of FFr 3.4305. On Friday it closed at FFr 3.3310 just beyond its upper limit of FFr 3.3303. The Bank of France was seen in the market purchasing D-Marks although this was seen just as an opportunity to try to replenish depleted foreign currency reserves.

Trading conditions became more relaxed as the day wore on. However with the dollar threatening to lose further ground, there was some unease in the market because the relatively modest change in parities suggested that the D-Mark's strength could cause further strains later this year. For the time being the West German authorities were anxious to keep conditions as stable as possible in the run up to Sunday week's general election.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3780. December average 1.4387. Exchange rate index 68.9 unchanged from the opening but up from 68.8 on Friday. The six months ago figure was 74.6

Sterling benefited from the dollar's decline but once again not sufficiently to keep pace with its European partners. It rose to $1.4915 from $1.4775 but fell to a record closing low against the D-Mark at DM 2.82 down from DM 2.8325 on Friday. It was also weaker against the Swiss franc at SFr 2.3575 from SFr 2.3700 and FFr 9.3775 from FFr 9.4525. Against the yen it was slightly firmer at Y233.75 from Y233.50.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.8905. December average 1.9898. Exchange rate index 146.4 against 135.9 six months ago.

The Bundesband bought $26.4m at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.9080, down from DM 1.9189 on Friday and its lowest level since November 1980. An early low of DM 1.9020 was touched but the Bundesbank was soon detected in open trading and this pushed the dollar back up above DM 1.9100. Within the EMS traders were caught off guard by comments made by officials in France and the Netherlands that there was a chance of a cut in West German interest rates. This would tend to contradict recent efforts by the West German authorities to contain money supply growth through firm monetary discipline.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.9383	+1.13	+1.11	±1.5344
Danish Krone	7.85212	7.85106	−0.01	−0.03	±1.6404
German D-Mark	2.05853	2.06856	+0.49	+0.47	±1.0981
French Franc	6.90403	6.86893	−0.51	−0.53	±1.3674
Dutch Guilder	2.31943	2.33430	+0.64	+0.62	±1.5012
Irish Punt	0.768411	0.765898	−0.33	−0.35	±1.6684
Italian Lira	1483.58	1464.23	−1.30	−1.30	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan 12	Latest	Previous Close
£ Spot	1.4895-1.4905	1.4770-1.4780
1 month	0.56-0.53 pm	0.62-0.61 pm
3 months	1.79-1.74 pm	1.76-1.74 pm
12 months	6.35-6.25 pm	6.40-6.30 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Jan. 12	Previous
8.30 am	68.9	68.9
9.00 am	68.9	68.9
10.00 am	68.8	68.8
11.00 am	68.8	68.8
Noon	68.8	68.9
1.00 pm	68.8	68.9
2.00 pm	68.8	68.8
3.00 pm	68.8	68.8
4.00 pm	68.9	68.8

CURRENCY RATES

Jan. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.733081
U.S. Dollar	5.5	"	1.06643
Canadian $	8.49	*	1.48710
Austrian Sch.	4	N/A	14.5679
Belgian Franc	8½	"	42.9983
Danish Krone	7	"	7.85106
Deutsche Mark	3½	"	2.06856
Neth. Guilder	4½	"	2.33430
French Franc	9½	"	6.86893
Italian Lira	12	"	1464.23
Japanese Yen	3.0	"	170.895
Norway Krone	8	"	7.94449
Spanish Peseta	—	"	141.670
Swedish Krona	7½	"	7.29535
Swiss Franc	4	"	1.72687
Greek Drach.	20½	"	148.971
Irish Punt	—	"	0.765898

*C$/SDR rate for Jan. 9; 1.68409

CURRENCY MOVEMENTS

January 12	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.9	−25.0
U.S. Dollar	106.9	+0.5
Canadian Dollar	77.2	−12.1
Austrian Schilling	137.0	+10.1
Belgian Franc	99.4	−4.5
Danish Krone	92.0	+3.4
Deutsche Mark	146.4	+21.7
Swiss Franc	178.3	+21.8
Guilder	134.0	+14.5
French Franc	71.4	−12.7
Lira	48.2	−16.2
Yen	208.0	+55.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Jan. 12	£	$
Argentina	1.8840-1.8915	1.2670-1.2710
Australia	2.2215-2.2245	1.4995-1.5005
Brazil	22.3360-22.4630	15.0240-15.0290
Finland	6.9830-6.9950	4.7190-4.7210
Greece	201.48-204.87	135.90-138.20
Hong Kong	11.5345-11.5550	7.7755-7.7775
Iran	110.95*	75.00*
Korea (Sth)	1265.25-1276.65	856.70-863.70
Kuwait	0.4200-0.43340	0.29190-0.29220
Luxembourg	58.65-58.75	39.30-39.40
Malaysia	3.8478-3.8584	2.5960-2.5980
N. Zealand	2.7500-2.7575	1.8570-1.8605
Saudi Ar.	5.5670-5.5725	3.7490-3.7500
Singapore	3.2080-3.2185	2.1630-2.1650
S. Af. (Cm)	3.1210-3.1430	2.1095-2.1140
S. Af. (Fn)	6.5120-6.8110	4.3955-4.5975
Taiwan	52.15-52.40	35.30-35.40
U.A.E.	5.4530-5.4580	3.6720-3.6730

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4765-1.4905	1.4910-1.4920	0.70-0.67c pm	5.51	1.77-1.72 pm	4.68
Canada	2.0270-2.0395	2.0385-2.0395	0.64-0.54c pm	3.47	1.43-1.28 pm	2.66
Netherlands	3.17¼-3.19¼	3.17¾-3.18¾	1⅝-1⅜c pm	5.66	4⅛-3¾ pm	4.95
Belgium	58.57-58.84	58.65-58.75	22-13c pm	3.58	53-38 pm	3.10
Denmark	10.71½-10.76¾	10.71½-10.72½	2⅛-⅞ ore pm	1.40	3¾-1¼ pm	1.03
Ireland	1.0425-1.0495	1.0440-1.0450	0.20-0.35 p dis	−3.16	0.45-0.70 dis	−2.20
W. Germany	2.81½-2.83¼	*2.81½-2.82½	1¾-1⅝ pf pm	7.18	4⅜-4⅛ pm	6.03
Portugal	215.63-217.69	216.80-217.69	99-147 c dis	−6.79	234-329 dis	−5.18
Spain	193.35-194.61	193.49-193.77	30-48 c dis	−2.42	87-120 dis	−2.14
Italy	1994-2002½	1994-1996	5lire pm-3 dis	−0.60	4pm-5 dis	−0.10
Norway	10.84-10.88¾	10.86¾-10.87¾	5⅞-6¼ ore dis	−6.55	16¼-18⅛ dis	−6.46
France	9.37-9.42¾	9.37¾-9.38¾	3-1¾ c pm	2.72	8-4⅝ pm	−2.69
Sweden	9.95¾-10.00¾	9.97¾-9.98¾	1⅞-1 ore pm	1.73	3⅞-2¼ pm	1.13
Japan	233-234¾	233¾-234¾	1⅝-1⅜ y pm	7.70	4-3½ pm	6.42
Austria	19.88-19.97	19.94-19.97	10⅝-8⅞ gro pm	5.79	26-23 pm	2.46
Switzerland	2.35¾-2.36⅛	2.35¾-2.36⅛	1⅞-1⅝ c pm	8.91	4¾-4 pm	3.50

Belgian rate is for convertible francs. Financial franc 59.55-59.65. Six-month forward dollar 3.33-3.27 c pm. 12-month 6.25-6.15 c pm. *Closing rate for Jan. 9 was 2.82¾-2.83¾

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Jan. 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4765-1.4920	1.4910-1.4920	0.70-0.67c pm	5.51	1.77-1.72 pm	4.68
Ireland†	1.4105-1.4270	1.4260-1.4270	0.95-0.82c pm	7.49	2.60-2.25 pm	6.85
Canada	1.3660-1.3690	1.3660-1.3670	0.22-0.25c dis	−2.06	0.68-0.73 dis	−2.06
Netherlands	2.1330-2.1705	2.1330-2.1340	0.06-0.02c pm	0.22	0.16-0.11 pm	0.25
Belgium	39.30-39.63	39.30-39.40	5-8 c dis	−1.97	12-18 dis	−1.52
Denmark	7.18½-7.27¾	7.18½-7.19	2.25-3.25 ore dis	−4.56	6.25-7.25dis	−3.73
W. Germany	1.8890-1.9240	1.8900-1.8910	0.27-0.24pf pm	1.60	0.68-0.63 pm	1.37
al	143¾-145	143¾-144	135-165c dis	−12.37	330-390 dis	−9.90
Spain	129.50-131.13	129.55-129.65	70-130c dis	−9.18	205-285 dis	7.50
Italy	1337¼-1350	1337¼-1337¾	5-7 lire dis	−5.34	15½-17 dis	−4.82
Norway	7.28-7.34½	7.28¾-7.29¾	6.70-7.50ore dis	−11.64	19.60-20.40dis	−10.93
France	6.28½-6.35	6.28½-6.29	1.25-1.75c dis	−2.84	3.25-4.00 dis	−2.29
Sweden	6.69-6.75½	6.69-6.69½	2.00-2.30 ore dis	−4.08	5.90-6.30 dis	−7.86
Japan	156.65-158.15	156.65-156.75	0.29-0.27y pm	2.13	0.70-0.67 pm	1.74
Austria	13.33¾-13.51	13.33¾-13.34¾	0.5 pm-0.1gro pm	0.18	1.50 par pm	0.22
Switzerland	1.5780-1.6120	1.5800-1.5810	0.44-0.39c pm	3.13	0.94-0.89 pm	2.30

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.50-40.60.

EURO-CURRENCY INTEREST RATES

Jan. 12	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11-11⅛	11-11⅛	11-11⅛	10⅞-11⅟₁₆	10⅞-10¾	10⅞-10¾
U.S. Dollar	6⅟₁₆-6⅜	6⅟₁₆-6⅜	6⅟₁₆-6⅜	6-6⅛	6-6⅛	6-6⅛
Can. Dollar	8-8¼	8-8¼	8-8¼	7⅞-8⅛	7⅞-8⅛	8-8¼
D. Guilder	6-6⅜	5⅞-5⅞	5⅞-5⅞	5⅝-5¾	5⅝-5⅞	5½-5⅝
Sw. Franc	2¼-2½	1¾-2	3⅛-3⅞	3⅞-3⅞	3⅝-3⅞	3⅞-3⅞
Deutschmark	4½-4⅝	4½-4⅝	4⅝-4¾	4⅝-4¾	4⅝-4¾	4⅝-4¾
Fr. Franc	9-9½	9-9½	8⅜-8⅝	8⅜-8⅝	8¼-8½	8¼-8½
Italian Lire	9-12	9¾-11¾	10¼-11½	10½-11¼	10⅜-10⅞	10¼-10⅞
B. Fr. (Fin.)	8⅝-8⅞	8¼-8½	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞	7⅝-7⅞
B. Fr. (Con.)	8-10	8-9½	7½-8¼	7½-8¼	7½-8	7¾-8
Yen	4-4⅛	4⅛-4¼	4¼-4⅜	4⅜-4⅞	4¼-4⅜	4¼-4⅜
D. Krone	11-11½	11¼-11¾	10⅝-11⅛	10¾-11¼	10½-11	10¼-10¾
Asian $ (Sing.)	2½-2⅝	—	3½-3⅝	3⅜-3½	3½-3⅝	3⅝-3¾

Long-term Eurodollars: Two years 6¼-6½ per cent; three years 6⅝-6⅞ per cent; four years 7¼-7½ per cent; five years 7⅜-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan. 12	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.492	2.820	233.8	9.378	2.358	3.183	1995.	2.039	58.70
$	0.670	1	1.891	156.7	6.287	1.581	2.134	1338.	1.367	39.36
DM	0.355	0.529	1	82.89	3.325	0.836	1.129	707.4	0.723	20.82
YEN	4.278	6.381	12.06	1000.	40.12	10.09	13.61	8535.	8.723	251.1
F Fr.	1.066	1.591	3.007	249.3	10.	2.514	3.394	2127.	2.174	62.60
S Fr.	0.424	0.633	1.196	99.15	3.978	1.	1.350	846.2	0.865	24.90
H Fl.	0.314	0.469	0.886	73.45	2.947	0.741	1.	626.9	0.641	18.44
Lira	0.501	0.748	1.414	117.2	4.701	1.182	1.595	1000.	1.022	29.42
C $	0.490	0.731	1.383	114.6	4.599	1.156	1.561	978.4	1.	28.79
B Fr.	1.704	2.541	4.804	398.2	15.98	4.016	5.422	3399.	3.474	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts and bonds depressed

TRADING WAS fairly dull on the London International Financial Futures Exchange yesterday. Long term gilt futures for March delivery opened firmer at 115-26, supported by sterling's improvement against the dollar. Profit taking took the contract down, before hopes were raised of lower European interest rates by comments from finance ministers in several financial centres, including Mr Gerhard Stoltenberg of West Germany. March gilts recovered on this news, but fell back on further profit taking and the pound's decline to a record closing low against the D-Mark. After touching a peak of 115-30 gilt futures finished at the day's low of 115-05, but dealers commented that the situation did not look too serious, since the pound remained firm against the dollar and the yen. Friday's close was 115-11.

Three-month sterling deposit futures showed little change, opening at 89.36 for March delivery, and closing at 89.35, compared with 89.34 previously. Any weakness was concentrated on the near month however, with June and September delivery improving, indicating optimism that interest rates will be cut later in the year.

March US Treasury bonds opened higher at 101-12, boosted by a strong close in Chicago on Friday, but lost ground as the weak dollar and higher gold and oil prices depressed the market. Bonds received some support from the optimism about European interest rates, and by hopes that low US infiltration will allow an easing of the Federal Reserve's monetary policy. The contract closed just above the day's low at 100-24, compared with 100-11 on Friday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
100	15.10	15.28	0.00	0.02
102	13.10	13.31	0.00	0.05
104	11.10	11.37	0.00	0.11
106	9.11	9.48	0.01	0.22
108	7.15	8.01	0.05	0.39
110	5.24	6.26	0.14	1.00
112	3.46	4.63	0.36	1.37
114	2.22	3.49	1.12	2.23

Estimated volume total, Calls 1,010 Puts 490
Previous day's open int, Calls 14,088 Puts 8,452

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	10.48	10.10	0.80	0.14
92	8.48	8.23	0.00	0.27
94	6.50	6.45	0.02	0.49
96	4.57	5.13	0.09	1.17
98	3.13	3.58	0.29	1.62
100	1.54	2.53	1.06	2.57
102	0.58	1.62	2.10	4.02
104	0.24	1.21	3.40	5.25

Estimated volume total, Calls 14 Puts 0
Previous day's open int, Calls 1,280 Puts 242

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Jan	Calls—Last Feb	Puts—Last Jan	Puts—Last Feb
16250	15.10	15.22	0.00	0.12
16500	12.61	12.86	0.01	0.26
16750	10.14	10.60	0.04	0.50
17000	7.75	8.50	0.15	0.90
17250	5.52	6.60	0.42	1.50
17500	3.60	4.94	1.00	2.34
17750	2.11	3.57	2.01	3.47

Estimated volume total, Calls 46, Puts 20
Previous day's open int, Calls 287 Puts 91

LIFFE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LONDON

CHICAGO

	Close	High	Low	Prev.
March				93.17
				92.84
				92.51

	Close	High	Low	Prev.
				100-11
				99-17

CURRENCY FUTURES

	Latest	High	Low	Prev
Mar.	1.4785	1.4785	1.4700	1.4640
June	1.4610	1.4615	1.4540	1.4470
Sept.	1.4480	1.4480	1.4400	1.4315

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Mar.	1.4765	1.4766	1.4725	1.4630
June	1.4602	—	—	1.4463
Sept.	1.4452	—	—	1.4310

Estimated volume 20 (0)
Previous day's open int 990 (990)

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
HOOGOVENS P	FL40	670	8.30	268	9.40	265	9.80	
KLM C	FL50	—	—	145	0.60	6	0.80	
KLM P	FL40	116	1	181	2.70	69	3.90	
NAT. NED. C	FL80	5	0.30	—	—	106	4.80	FL79
NAT. NED. P	FL80	106	1.70	84	3.10	12	4.808	"
PHILIPS C	FL50	50	0.10	397	0.90	60	1.60	FL43.10
PHILIPS P	FL50	794	7	499	7.70	325	8.20	"
ROYAL DUTCH C	FL210	1530	2	354	7.90	88	10.20	FL211
ROYAL DUTCH P	FL210	784	0.70	262	5	155	9.70	"
ROBECO C	FL95	52	1	10	2.30	—	—	FL95
UNILEVER C	FL500	163	15	12	31A	30	38	FL515.50
UNILEVER P	FL520	248	7	43	19	11	29	"

TOTAL VOLUME IN CONTRACTS: For 12/1/87 67,781

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
ABN Bank	11
Adam & Company	11
Allied Arab Bk Ltd	11
Allied Dunbar & Co	11
Allied Irish Bank	11
American Exp. Bk	11
Amro Bank	11
Henry Ansbacher	11
ANZ Banking Group	11
Associates Cap Corp	11
Authority & Co Ltd	11½
Banco de Bilbao	11
Bank Hapoalim	11
Bank Leumi (UK)	11
Bank Credit & Comm	11
Bank of Cyprus	11
Bank of Ireland	11
Bank of India	11
Bank of Scotland	11
Banque Belge Ltd	11
Barclays Bank	11
Benchmark Tst Ltd	11
Beneficial Trust Ltd	12
Berliner Bank AG	11
Brit. Bk. of Mid. East	11
● Brown Shipley	11
CL Bank Nederland	11
Canada Permanent	11
Cayzer Ltd	11
Cedar Holdings	12
● Charterhouse Bank	11
Citibank NA	11
Citibank Savings	¶12.45
City Merchants Bank	11
Clydesdale Bank	11
Comm. Bk. N. East	11
Consolidated Cred	11
Co-operative Bank	*11
Cyprus Popular Bk	11
Duncan Lawrie	11
E. T. Trust	12
Equatorial Tst C'p plc	11
Exeter Trust Ltd	11½
Financial & Gen. Sec	11
First Nat. Fin. Corp	11½
First Nat. Sec. Ltd	11½
● Robert Fleming & Co	11
Robert Fraser & Ptrs	12
Grindlays Bank	‡11
● Guinness Mahon	11
HFC Trust & Savings	11
● Hambro Bank	11
Heritable & Gen. Tst	11
● Hill Samuel	§11
C. Hoare & Co	11
Hongkong & Shangh'	11
Lloyds Bank	11
Mase Westpac Ltd	11
Meghraj & Sons Ltd	11
Midland Bank	11
● Morgan Grenfell	11
Mnt Credit Corp. Ltd	11
Nat Bk. of Kuwait	11
National Girobank	11
Nat Westminster	11
Northern Bank Ltd	11
Norwich Gen. Trust	11
PK Finans. Intl (UK)	11½
Provincial Trust Ltd	12
R. Raphael & Sons	11
Roxburghe G'rantee	11½
Royal Bk of Scotland	11
Royal Trust Bank	11
Standard Chartered	11
Trustee Savings Bk	11
UDT Mortgage Exp.	¶12.25
United Bk of Kuwait	11
United Mizrahi Bank	11
Westpac B'nking Corp	11
Whiteaway Laidlaw	11½
Yorkshire Bank	11

● Members of the Accepting Houses Committee. *7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¾%.

MONEY MARKETS

Hopes of rate cuts

HOPES INCREASED of cuts in European interest rates yesterday, after the weekend realignment of the European Monetary System. Sterling's improvement against the dollar also encouraged an easing of London rates.

Three-month sterling interbank fell to 11⅟₁₆-10⅞ per cent from 11⅛-11 per cent.

The Bank of England forecast a money market shortage of £550m, and provided total help of £534m.

Before lunch the authorities bought £120m bills outright, by way of £25m bank bills in band 1 at 10⅞ per cent; £2m bank bills in band 2 at 10⅞ per cent; £11m bank bills in band 3 at 10¾ per cent; £1m local authority bills in band 4 at 10⅞ per cent; and £81m bank bills in band 4 at 10⅞ per cent.

UK clearing bank base lending rate 11 per cent since October 15

In the afternoon the Bank of England purchased another £294m bills outright, through £85m bank bills in band 1 at 10⅞ per cent; £142m bank bills in band 2 at 10⅞ per cent; £36m bank bills in band 3 at 10¾ per cent; and £31m bank bills in band 4 at 10⅞ per cent.

Late assistance of around £120m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £847m, with bank balances below target absorbing £135m. These outweighed Exchequer transactions added £75m to liquidity, and a fall in the note circulation of £345m.

In Frankfurt the West German Bundesbank announced it will not renew a securities repurchase agreement of DM 12.4bn expiring tomorrow. In this way the central bank will drain liquidity from the banking system. Heavy buying of foreign currencies last week, to maintain the limits of the European Monetary System, allowed a large number of D-Marks to leak into the domestic money market. This money is now being siphoned off by the authorities. In spite of the liquidity drain call money was steady at 4.40 per cent.

In Paris Mr Edouard Balladur, French Finance Minister, predicted that money market rates in West Germany could fall in the next few days. He indicated that the German authorities had given this impression at the weekend EMS meeting in Brussels. The Bank of France injected liquidity into the domestic money market through one- and two-day repurchases on Treasury bills and first category paper at 9⅞ per cent. Call money eased to 9-9¼ per cent from 9¼-9⅝ per cent.

In Bonn Mr Gerhard Stoltenberg, West German Finance Minister, said he hoped for a limited drop in money market rates

In The Hague Mr Onno Ruding, Dutch Finance Minister, said the revaluation of the guilder alongside the D-Mark was a plus point for interest rate prospects.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 12) 3 months U.S. dollars		6 months U.S. dollars	
bid 6	Offer 6⅛	bid 6	Offer 6⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Treasury Bills and Bonds

	4.89	Three year	6.35
	5.36	Four year	6.54
	5.52	Five year	6.62
	5.67	Seven year	6.90
	5.76	10 year	7.04
	6.20	30 year	7.32

Jan. 12	One Month	Two Months	Three Months	Six Months	Lombard Intervention
	4.65-4.80	4.55-4.70	4.60-4.75	4.65-4.80	5.5
	8⅜-8⅞	8⅛-8⅜	8⅜-8⅜	8⅛-8¼	7
	3¼-3⅛	—	3⅜-3⅞	—	—
	6-6⅛	—	5¾-5⅞	—	—
	4.21875	—	4.34375	—	—
	12-12½	—	11⅝-12⅛	—	—
	7¼-7⅜	—	7¼-7⅜	—	—
	13½-13¾	13½-13¾	13¼-13½	12⅝-12⅞	—

LONDON MONEY RATES

Jan. 12	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11⅛-11	11⅛-11	11⅟₁₆-10⅞	10⅞-10⅞	10⅞-10¾
	—	11⅟₁₆-11	11-10⅞	10⅞-10⅞	10⅞-10⅞
	11⅟₁₆-10¾	11⅟₁₆	11	10⅞-10⅞	10⅞-10¾
		11⅛-11⅛	11¼	11⅛	11
	10⅞	10⅞	10¾	—	—
	11⅛	11⅛	11⅛	11	11
	—	11⅟₁₆	11⅛	11	10⅞
	—	10⅞	10⅞	—	—
	—	10⅞	10⅞	10⅞	—
	—	11⅟₁₆	11⅟₁₆	10⅞	—
	—	6.05-6.00	6.00-5.95	5.95-5.90	6.00-5.90
	—	6⅛-6⅛	6½-6¼	6⅛-6⅛	6⅝-6⅛
	—	8⅛-7⅞	7⅞-8⅛	7¾-7½	7⅞-8⅛

Treasury Bills (sell): one-month 10⅞ per cent; three-months 10⅞ per cent; Bank Bills (sell): ... months 10⅞ per cent; Treasury Bills; Average tender rate of discount ... Finance Scheme IV reference date November 29 to December 31 ... Local Authority and Finance Houses seven days' notice, others seven days' ... 11½ per cent from January 1, 1987: Bank Deposit Rates for sums ... per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 ... month 10¾ per cent; one-three months 11 per cent; three-six months 11⅛ per cent; nine-12 months 11¼ per cent; Under £100,000 10¾ per cent. Deposits held under Series 5 10¾ per cent. Deposits withdrawn for cash 5... per cent.

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 12, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.18
Algeria	Dinar	6.86
Andorra	French Franc	9.38
	Spanish Peseta	193.63
Angola	Kwanza	44.1745
Antigua	E. Caribbean $	4.00
Argentina	Austral	1.8878
Aruba	Florin	2.6847
Australia	Australian $	2.2230
Austria	Schilling	19.95
Azores	Portuguese Escudo	217.25
Bahamas	Bahama $	1.4915
Bahrain	Dinar	0.5595
Balearic Islands	Spanish Peseta	193.63
Bangladesh	Taka	44.73
Barbados	Barbados $	2.9999
Belgium	Belgian Franc	(cm) 58.70 (fn) 59.60
Belize	B $	2.9830
Ghana	Cedi	222.60
Gibraltar	Gibraltar £	1.0
Greece	Drachma	203.18
Greenland	Danish Krone	10.72
Grenada	E. Caribbean $	4.00
Guadaloupe	Local Franc	9.3800
Guam	U.S. $	1.4915
Guatemala	Quetzal	1.4915 (F) 3.8734
Guinea	Franc	503.88
Guinea-Bissau	Peso	252.65
Guyana	Guyanese $	5.92
Haiti	Gourde	7.4575
Honduras	Lempira	2.9740
Hong Kong	H.K. $	11.5450
Hungary	Forint	67.2287
Iceland	Icelandic Krona	40.06
India	Indian Rupee	19.17
Indonesia	Rupiah	2420.680
Iran	Rial	110.95
Panama	Balboa	1.4915
Papua New Guinea	Kina	1.4094
Paraguay	Guarani	(N/A) 1000.02
Peru	Inti	(exc(o)(N/A) 29.740
Philippines	Philippine Peso	29.82
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7538
Poland	Zloty	289.73
Portugal	Escudo	217.25
Puerto Rico	U.S. $	1.4915
Qatar	Qatari Ryal	5.4035
Reunion Isle de la	French Franc	9.3800
Romania	Leu	(cm) 6.25 (N/C) 15.38
Rwanda	Rwanda Franc	123.81
St. Christopher	E. Caribbean $	4.00
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.00
St. Pierre	Local Franc	9.3800

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102⅞	99⅛	Exch. 13¼pc 1987	100	–	–	–
100¾	97⅜	Treas 10¼pcCv '87	99⅞xd	–⅛	10.25	10.89
99⅛	92⅞	Exch 2½pc 1987	99⅛	–⅛	2.52	9.64
101⅞	97½	Exch. 10½pc 1987	99⅞	–	10.52	11.02
99¾	93⅝	Funding 6½pc 85-87	99¼	+⅛	6.56	9.61
101⅞	96⅞	Treas. 10pc 1987	99⅞	–⅛	10.03	10.65
97½	90⅝	Treas 3pc 1987	97⅝xd	–	3.07	7.84
104½	99⅝	Treas. 12pc 1987	101	–	11.88	10.54
99¼	92⅞	Treas 7¾pc 1985-88‡‡	97⅞xd	+⅛	7.92	10.02
104	96⅞	Exch 10½pc '88	99⅞	–	10.52	10.54
102⅞	95⅝	Treas 9¾pc Cv '88	98⅞	–⅛	9.86	10.56
94⅞	86⅝	Transport 3pc '78-88	93⅛	–⅛	3.21	7.84
102½	93⅞	Treas. 9½pc '88	98⅞	–⅛	9.67	10.59
107⅞	98⅛	Treas 11½pc 1989	101⅞	–	11.33	10.65
103½	93⅝	Treas 9½pc Cnv 1989	97⅞	–⅛	9.71	10.57
92⅞	82⅞	Treas 3pc 1989	90⅛	+⅛	3.34	7.95
105⅞	95⅛	Treas 10½pc 1989	99⅞	–⅛	10.52	10.59
104⅞	94⅞	Exch 10pc 1989	98⅞xd	–	10.13	10.60
107⅞	97	Exch 11pc 1989	100⅞	–⅛	10.90	10.60
95⅞	84⅝	Treas 5pc 1986-89	90⅛	+⅛	5.55	9.16
110⅞	94⅝	Exch 10¼pcCv '89	101¼	+⅛	10.14	9.78
114⅞	103⅛	Treas 13pc 1990‡‡	105⅞xd	–⅛	12.28	10.60
108½	97⅝	Exch 11pc 1990‡‡	101xd	–⅛	10.88	10.61
113¼	101⅞	Exch. 12½pc 1990	104⅞	–⅛	11.90	10.59
89¾	79⅝	Treas. 3pc 1990	84⅞	+⅛	3.54	8.38
100⅛	89⅝	Treas 8¼pc 1987-90‡‡	94⅞	+⅛	8.73	10.19
106⅞	93	Treas. 10pcCv 1990	98	–⅛	10.19	10.61
86⅞	76⅝	Exch 2½pc 1990	81⅞	+⅛	3.06	8.13
112⅞	99⅞	Treas 11¾pc 1991	103⅞xd	–⅛	11.32	8.13
94¼	83⅛	Funding 5¾pc '87-91‡‡	87¾	+⅛	6.55	9.30

Five to Fifteen Years

Over Fifteen Years

Undated

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INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
102	70	♣Metsec 10p	78	.....	†2.46	2.6	4.4	12.0
78½	45	Mitchell Cotts	67	–½	1.5	2.1	3.2	17.2
128	81	♣Monks & Crane 10p	114	+5	L2.7	2.9	3.3	13.9
323	210	Morgan Crucible	318	–3	18.5	1.5	3.2	21.1
23½	15½	♣Morris (W) F.A.20p	17½	+½	—	—	—	—
157	65	Myson Grp 10p	152		†2.63	2.6	2.4	19.6
265	213	♣NMW Computers	220	+7	†6.0	3.0	3.8	12.7
41	27	Nash Inds.	128		1.5	♦	1.7	♦
27½	12½	Neill & Spencer 10p	17		—	—	—	—
39	28	Newman Inds 10p	36		†0.8	1.5	3.1	27.9
134	65	Noble & Lund 10p	91	.....	0.7	4.3	1.1	30.0
65	39	Nolton	48	+1	1.2	2.9	3.5	19.8
150	96	♣Norank Systems 5p	134	+6	m1.5	—	1.6	17.2
286	187	Norcros	270	+4	19.3	2.3	4.9	12.4
217	49	Nu-Swift 5p	217		13.5	2.1	2.3	29.2
£356½	£228	OCE 9pc Cnv 1987-92	£312½		Q9%	—	(2.9)	—
118	80	Oakwood Grp.	93		†5.0	1.3	‡	12.9
250	173	Office & Elect	175	+1	8.5	2.9	6.8	7.1
34	26	♣Omnitech 1p	31	+1	—	—	—	—
36	18	♣Optometrics $0.01	23	+3	—	—	—	—
890	500	Oriflame £1	840		28.5	2.1	4.8	16.3
10	5	Ovenstone 12½c	5#		g03.23c	1.9	20.0	2.6
142	85	♣PCT Grp 10p	125		d3.2	—	5.3	—
£20⅞	£13¼	PLM 'B' Sk 25	£18½		Q23.2%	0.3	3.3	—
255	160	♣Pacer Systems $0.01	178	+5	[illegible]	4.3	1.6	15.0
78	44	♣Pacific Sales 10p	48	+3	3.0	1.4	8.8	11.4
499	246	Parker Knoll 'A'	499	+45	12.0	3.2	3.4	13.1
222	83	♣Parkfield Group 2p	220	–2	3.6	4.2	2.3	14.0
53	17	♣Paxton Intl.	28		—	—	—	7.4
£130	£64½	Do 11pc CnLn '94-02	£88		Q11%	—	13.1	—
617	393	Pearson	596	–3	†10.0	2.8	2.4	19.4
50	12	Peek Holdings 3p	42					
176	88	Peerless	154	+1	6.3	1.5	5.7	(14.0)
519	141½	Pentland 10p	495	+5	†0.75	22.4	0.2	28.1
£14	775	Photo-Me	£13		3.75	10.0	0.6	19.6
665	315	Pilkington Br. £1	625	–1	♦†13.5	2.7	3.0	13.5
243	68	Do. Warrants	228		—	—	—	—
£519½	£293	Pitney-Bowes Cnv. Ln.	£512½	–7	Q5½%	—	1.1	—
96	52	Plastic Const. 10p	75	+1	†2.8	2.5	5.3	10.5
*9	5½	Platignum 5p	6½		8—	—	—	11.2
200	115	♣Plaxton Intl	178xd	+6	3.00	4.1	2.4	10.8
123	98	♣Plumb Hldgs. 5p	123	+1	R3.0	2.3	3.4	17.9
25½	9½	Polymark 10p	25½	+½	8—	—	—	—
116	49	Do. CnvPfA £1	116	+3	10%	—	12.1	—
365	195	Portals	268		†17.33	3.4	4.0	10.3
321	238	Powell Duffryn 50p	320	+6	†15.2	0.9	6.7	23.1
158	124	Radiant Metal	145xd	+4	2.5	3.2	2.4	16.4
40	12	♣Ramco Oil 10p	20		0.7	—	4.9	—
589	420	Rank Org.	546	+13	†15.0	2.0	3.7	15.7
315	220	Ransome-Repole Dy.	278		Q10%	0.6	13.6	28.8
918	607	Reckitt & Colman	918	+1	†16.0	2.4	2.5	19.6
365	118	Redfearn Glass	365xd	+31½	6.0	♦	2.3	♦
413	268	Reed Exec Hldgs 10p	413		†4.5	6.9	1.5	12.7
336	163	Reed International	336	+6	†5.63	3.8	2.4	14.2
198	134	Relyon	191		†4.65	2.5	3.3	15.5
295	255	Renwick Group	260		—	—	—	17.3
155	88	Restmor	155	+3	♦14.5	2.0	4.1	15.7
583	345	Reuters 'B' 10p	579	+8	†3.25	4.9	0.8	36.3
39½	21	Rexmore	39½	+1	†1.0	2.6	3.6	11.9
160	109	Ricardo	160		3.25	3.7	2.9	13.2
150	85	Robertson Rsch 10p	93		2.5	4.1	3.8	9.0
*34	14½	Rock 10p	26½		—	—	—	32.6
55	31	Rockware	51		—	—	—	20.5
119	60	♣Rolfe & Nolan 10p	118		†2.0	2.9	2.4	20.1
152	104	Ropner	116		6.5	2.0	7.9	8.9
146	100	Do. 'A'	108	+1	6.5	2.0	8.5	8.3
*3½	1¼	Rotaprint ½p	2¼		—	—	—	—
103	89	♣Rotunda 10p	108	+2	R3.0	2.8	4.2	12.1
130	80	Russell (A.) 10p	87	+1	†1.6	2.8	2.6	19.6
38	25	Ryan Int'l 5p	29½	+2	†1.0	—	4.8	8.1
154	112	♣SAC Intl 10p	153		2.0	♦	1.8	♦
38	17½	SI Group 5p	26½	+½	♦0.29	—	‡	—
*275	192	Sale Tilney	213	+2	†6.5	2.7	4.3	12.1
112	53	Sandhurst Mkt. 10p	112	+2	♦1.24	1.5	1.6	60.1
144	103	♣Savage	142		L3.0	2.5	3.0	18.1
280	186½	Scapa Group	253	+11	†6.05	2.8	3.4	11.7
£27⅞	£19⅝	Schlumberger $0.01	£24	+⅞	Q$1.20	—	3.4	—
170	90	Scott Robertson	151		†2.7	3.6	2.5	15.2
163	102	Scott Greenham 10p	156	+2	†3.9	3.5	3.0	13.3
198	122	Scot. Heritable Tst.	166		†3.0	3.8	2.5	14.4
165	125	Securicor Group	163		†0.97	6.3	0.8	26.8
158	109	Do. 'A' N-V	158		†0.97	6.5	0.9	26.0
148	70	♣Securiguard Grp 5p	145	–3	2.7	2.0	2.6	26.8
162	108	Security Services	148		†1.87	3.2	1.8	24.6
76	20	Sharna Ware 20p	53	+10	♦‡2.45	—	‡	—
98	70	♣Sheldon Jones	83		4.65	2.0	7.9	8.5
298	72	Shiloh	238	+5	†2.75	6.8	1.6	12.4
150	91	Sidlaw Group	95		5.5	♦	8.2	♦
*976	609	Siebe	790xd	+10	†13.48	3.7	2.4	14.9
79	32	Silentnight 10p	79	+4	†1.0	0.4	1.8	—
210	112½	♣Sinclair (Wm.)	210		S5.13	2.3	3.4	17.7
500	388	Sketchley	423	+3	F19.0	1.5	6.3	14.9
135	95	Smith&Neph. 10p	134	–1	†h2.33	2.3	2.4	21.1
£65⅞	£55	SmithKline Beck $0.25	£64⅞	–⅞	Q$2.85	—	3.0	—
325	225	Smiths Inds. 25p	303		5.5	2.7	2.6	19.7
86	32	Sonic	58		2.0	1.7	4.9	16.4
90	38	Sountec	38					
179	113	♣Spice Bus Grp 10p	179		†d2.7	3.7	2.1	14.3
225	163	Spear (J.W.)	180		6.0	2.0	4.7	15.3
74	55	♣Splash Products 10p	55	–5	d3.27	1.6	8.4	10.7
26½	14	Spong Hldgs 5p	22½		20.4	11.0	2.5	17.9
257	160	Spring Ram 10p	238	+2	†h0.91	4.3	0.5	26.8
118	80	Stag Furniture	105		5.5	1.7	7.4	(9.5)
220	85	♣Stainless Metalcraft	180xd	–4½	4.5	3.1	3.4	13.6
108	42	Star Comp. 10p	108		d1.8	6.7	1.3	12.6
391	190	Stat-Plus 5p	386		19.0	4.1	1.1	31.6
520	354	Steetley	486	–9	†13.0	2.5	3.8	14.8
185	90	Sterling Inds. 2½p	153xd	+6	†2.75	1.4	2.5	(35.3)
255	170	Stocklake	243		12.0	3.2	7.0	5.0
98	66	Stonehill Hlds.	71		d6.0	—	11.9	—
236	183	Sunlight Serv. 10p	236	+1	†10.0	1.8	6.0	12.7
247	150	Suter 5p	231	–3	h3.5	3.0	2.1	19.0
£50⅞	£19½	Swedish Mtch B SK50	£45½		vQ21%	2.3	2.4	18.5
177	87	♥Swire Pac A 60c	172	+2	†hQ47c	1.9	2.4	21.3
43	12	Sycamore Hldgs	29		—	—	—	—
217	160	Sytone	195		10.0	0.8	7.4	27.9
8½	5	Talbex 5p	8		—	—	—	10.3
120	104	♣Task Force 5p	110	+2	R1.82	3.8	2.3	16.3
365	194	♣Tech. Compt. Inds.	263		d3.0	2.7	1.6	32.7
142	75	♣Technology for Bus.	109	+22	4.62	1.5	6.5	(12.5)
141	111	Tech Project Serv 10p	139		s2.49	2.5	2.5	17.6
248	67	TSL Thermal Synd.	74		3.0	5.8	5.7	3.8
64½	17	The Times Veneer 5p	51½	–1½	†0.5	2.1	1.4	42.7
146	72	♣Thermax	146	+1	5.0	1.9	4.8	15.3
136	91	Third Mile Inv.	136	+1	†2.9	3.4	2.3	14.4
426	98	Thomson T-Line	426	+3	—	—	—	—
194	100½	TNT A$0.50	182	+2	Q14c	2.7	3.5	20.5
56	42	♣Tinsley (Eliza) 5p	44		2.89	1.8	9.2	8.5
158	119	♣Tod 5p	158	+5	3.3	3.8	2.9	11.4
333	204	Tomkins (F.H.) 5p	308	+12	†2.8	4.3	1.3	24.7
131	105	Do 5.6pc CnCvRd Prf	112		5.6%	—	7.0	—
245	190	Tootal (R.W.)	235		†8.25	3.4	4.9	8.4
146	90	Toye	141	+5	3.75	2.7	3.7	14.0
349	252	Trafalgar Hse. 20p	298	–1	13.2	1.7	6.2	(11.1)
212	124	Transport Dev.	212		†6.2	2.1	4.1	14.7
22	10½	Tranwood 5p	22	+1½	—	—	—	41.2
90	57	Triefus	61		0.05	17.4	0.1	50.6
240	76	Turner & Newall £1	204	+3	H7.5	4.2	5.2	7.8
168	83	UDO Hldgs 10p	168	+3	2.5	3.2	2.1	20.9
120	78	Unigroup 15p	104		1.1	5.1	1.5	18.7
£22⅞	£13⅛	Unilever	£21⅞	–⅞	†38.62	3.2	2.5	15.2
£98⅞	£56⅞	Un'r NV Fl12	£97⅞	+1½	†Q74.1%	5.4	2.7	6.7
83	65	Unilock 20p	74		†2.98	2.8	3.8	13.1

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*112	55	Leisuretime Int 10p	68		†2.3	0.9	4.8	(36.0)
123	91	♣Lesney	106	–1	u2.63	3.4	3.5	11.9
98	71	♣Marina Dev. 50p	80	–1	R5.13	3.0	5.5	7.7
162½	143	Mecca Leisure 10p	162½		14.1	♦	3.6	♦
220	96	♣Media Tech Int 20p	108	+2	2.8	4.5	3.7	8.3
*178	130	Medminster 10p	168	–2	6.25	1.9	5.2	14.0
220	130	♣Miss World 10p	175		†5.2	3.3	4.2	10.1
90	62	[illegible] Leisure	64	+1	‡3.75	2.5	8.3	(8.5)
17	8	♣Nimslo Int 20c	9		—	—	—	—
294	114	Orient Ex Hlt $0.125	152	+17	—	—	—	—
46½	23	♣Owners Abroad 3p	46½	+½	1.5	2.3	4.5	13.3
90	46	Photax (Lon.)	78		—	—	—	—
35	25½	♣P'dilly Radio NV 5p	34		2.0	♦	8.8	♦
78	25½	♣Pineapple 10p	72#		—	—	—	—
391	280	Pleasurama 5p	331	–4½	†7.5	3.6	3.4	11.6
178	136	Do. 7pcCvCnvRedPf	148	–1	7%	—	6.7	—
157	94	Prestwich	117	+1	0.85	6.9	1.0	19.8
44	18	♣Radio City 'A' NV	44		—	—	—	—
58	33	♣Radio Clyde N/V	53	–1	3.5	1.6	9.5	9.4
408	322	Really Useful Grp 5p	362		11.25	2.2	4.4	14.6
64	36½	Riley Leisure 10p	53	–½	—	—	—	—
230	129	Saga Hols. 20p	159		4.6	2.6	4.1	13.5
355	148	Samuelson Grp 20p	195	+20	2.4	6.5	1.7	11.5
123	69	♣Saagers Photo 10p	82	–1	♦12.2	1.5	3.8	(25.0)
178	93	Scard 20p	100xr		s4.0	3.5	5.6	7.2
363	175	Scott. TV 10p	340		†10.5	3.3	4.3	9.8
27	7	♣SelecTV 10p	14½		—	—	—	—
37	20	♣Spectrum 5p	23	+1	‡1.0	4.8	‡	2.4
199	119	Stanley Leisure	194xd	+½	s3.25	2.8	2.4	21.5
49½	31	TSW 5p	47½		2.05	2.6	6.1	9.1
226	137	♣TV-am 10p	226		R5.75	2.6	3.6	15.1
*279	144	TVS N/Vtg 10p	277	+11	♦10.0	2.5	5.1	14.5
188	59	♣Television Svcs 50p	78	+2	†2.0	2.9	3.6	12.8
340	219	Thames TV	321	+1	s9.5	1.9	4.2	18.0
74	50	Tottenham Hotspur	66	+1	—	—	—	—
96	60	♣Trillion 10p	85	+5	1.1	♦	1.7	♦
262	140	♣Tyne Tees TV 'A' £1	262	+5	†a10.5	2.0	5.6	10.0
151	74	Ulster TV	87	+1	3.13	3.6	5.1	7.8
100	36	♣Viewplan 5p	65	+4	1.26	1.4	2.7	(34.0)
142	120½	Virgin Group 10p	134½	+½	s2.2	2.5	2.3	22.4
204	118	WSL 5p	168		a0.71	14.1	0.6	16.8
32	17½	Webb (Jos.) 5p	29½		0.51	1.3	2.4	39.2
27½	16½	♣Williams (Rex) 5p	21	+1	0.91	1.0	6.1	(21.0)
285	136	Yorkshire TV	280xd	–1	16.25	♦	4.4	♦
221	125½	Zetters 5p	221	+1	5.0	3.4	3.2	12.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
270	211	Gen. Mtrs. Dlrs	231		Q25c	—	7.4	—
612	386	Honda Motor Y50	565	–22	Q24%	13.3	0.9	7.9
590	335	Jaguar	587	–3	18.6	4.6	2.1	12.1
41	14	♣Reliant Motor 10p	19	–3	—	—	—	—
71	28	Rover 50p	45	+2	—	—	—	—
£41	£28½	Volvo Kr25	£33½		vQ34%	3.2	2.6	12.1

Commercial Vehicles

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
115	35	ERF (Hldgs)	53	+2	—	—	—	3.1
101	68	Plaxtons (GB)	98		4.5	♦	6.5	♦

Components

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
287	139	AE	287	+2	♦7.5	♦	3.7	♦
340	145	Abbey Panels	330xd	+1	2.4	♦	1.0	♦
65	34	Airflow Streamlines	60		1.9	4.6	3.5	8.5
141	69½	Armstrong Eq. 10p	136	+4	2.75	3.1	2.8	12.7
85	68	♣BTS 10p	71		4.0	1.9	7.9	8.5
242	172	Dowty 50p	242		5.5	2.4	3.2	16.6
*355	252	FR Group	309		3.21	4.8	1.5	19.5
105	44	Kwik-Fit Hldgs. 10p	105	+1	†h1.68	2.9	2.3	20.2
655	433	Lucas Inds. £1	493		13.0	4.1	3.7	7.2
103	83	♣Spice 5p	103		2.13	4.9	2.9	8.6
91	43	Supra Group 10p	88		♦†2.2	2.6	3.5	15.0
104	32	Woodhead (J.)	104	+2	♦1.0	4.6	1.4	17.3

Garages and Distributors

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
21	7¼	♣Alexanders 10p	15		—	—	—	91.1
188	75	Appleyard	183	+5	H6.0	3.4	4.6	9.3
58	24	BSG Int. 10p	57½	+1	†1.1	2.4	2.7	(17.7)
157	91½	Bramall (C. D.)	148	+2	†h3.89	5.5	3.7	6.3
195	91	Brit. Car Auct. 10p	195	+5	4.5	2.0	3.2	19.1
305	168	Caffyns 50p	305	+24	†5.5	2.8	2.5	(15.6)
217	79	Cowie (T.) 5p	217	+1	†3.5	5.1	2.3	9.0
145	99	Davis Godfrey	142		4.5	2.4	4.5	13.5
158	111	Evans Halshaw	157		s5.79	2.2	5.2	10.3
132	66	Gates (F.G.)	122		♦3.0	2.7	3.5	15.2
*102½	36½	Glanfield Lawrence	88		♦	—	—	—
112	67	Hartwells	89		♦2.65	2.3	4.2	14.6
147	71	Jessups	116	+4	4.5	2.7	5.5	9.7
88	40	♣Laidlaw Grp. 10p	86	+3	‡2.9	2.5	4.7	10.9
398	268	Lex Service	304	+10	10.6	1.7	4.9	17.3
215	90	Lookers	213		†4.9	3.6	3.2	12.2
153	111	Perry Group	158		4.5	2.4	4.1	14.0
168	50	Quick (H. & J.) 10p	164		†2.85	2.1	2.4	(23.0)
240	75	Western Motor	208	+2	—	—	—	22.1

NEWSPAPERS, PUBLISHERS

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
178	136	♣Accord Pub 5p	178	+10	R3.1	2.6	2.5	22.5
263	195	Ass. Book P. 20p	246	+1	†5.6	2.5	3.2	16.0
423	218½	Assoc. News	406xd	+4½	6.0	♦	2.1	♦
240	180	♣BPP Hldgs 10p	220	+20	R5.0	2.2	3.2	19.9
390	285	Black (A. & C.)	325		♦10.0	1.9	4.3	17.3
190	129	Bristol Evng Post	190xd	+1	†h6.75	1.5	5.0	18.8
505	435	Collins William	475	+5	†7.75	3.2	2.3	18.4
378	288	Do. "A"	335	+2	†7.75	3.2	3.3	13.0
£25	£12½	Daily Mail 'A' 50p	£24		60.0	♦	3.6	♦
168	78	EMAP 'A'	161	+1	♦2.17	3.0	1.9	24.3
460	334	Euromoney Pubs	345		10.6	1.7	4.4	19.2
375	295	Haynes Pub 20p	310		14.0	1.4	6.4	16.1
282	84	Home Counties Hldgs	288		†7.0	2.4	3.5	13.2
350	163	Independent	350	+5	♦2.2%	1.4	2.8	27.9
113	73	Intl. Bus. Comms. 10p	100	+2	H2.25	—	3.2	—
704	400	Intl. Thomson	671	–6	17.5¢	2.9	2.5	17.5
138	95	♣Metal Bulletin 10p	118		†4.25	1.5	5.1	18.2
193	112	♣Mesterlin 20p	184		s3.0	2.8	2.3	(17.6)
870	700	News Corp A$0.50	842	+2	Q5¢	19.2	0.3	3.1
£22⅞	620	News Int. Spec. Div.	£22½		†10.59	3.7	0.7	50.7
670	455	Octopus Pub. 10p	515	+10	†6.75	4.2	1.8	18.3
165	112	Portsm'th & Sund.	161		4.0	1.5	3.5	27.4
478	220	Trinity Int Hld 50p	478		†15.0	2.8	4.4	9.7
429	280	Utd. Newspapers	428	+3	16.0	1.7	5.3	15.6

PAPER, PRINTING, ADVERTISING

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
65	45	♣ATA Selection 5p	52		1.5	2.5	4.1	14.0
245	201	Abbott Md Vickers 5p	236	+3	L2.8	3.7	1.7	22.7
160	108	Addison Consult 5p	132	+2	†2.11	3.0	2.3	20.6
58	43	Aitchison Int. 10p	50	–2	♦1.1	2.3	3.1	16.9
355	162	♣Aspen Comms. 5p	321	+3	L2.8	3.4	1.2	33.3
*290	226	Assoc. Paper	288		7.0	2.4	3.4	16.1
115	31	ARR & Wiborg	51#		♦	—	—	—
72	64	♣BBB Design Grp 5p	72	+1	1.10	4.2	2.0	17.3
*182	111	Barham Group 20p	164	+7	†2.0	4.1	1.7	19.9
161	93	Barker (Charles) 5p	106	+3	s3.0	3.1	4.0	11.6
225	135	Benrose	225	+7	H8.0	0.2	5.1	—
155	117	♣Boulton Exhibits 5p	153		s2.1	3.2	1.9	20.9
*360½	224½	[illegible] 12½p	302	+3	†4.5	3.9	2.7	17.4
310	201	BPCC	268	–2	†12.0	1.1	6.3	20.9
99	42	♣Broad Street 10p	43	+1	R1.1	2.2	3.6	17.8
186	142	Brunning Grp	165	+2	2.1	—	1.8	29.2
*237½	156½	Bunzl	226	+1	†4.0	2.0	2.5	24.8
£10¾	720	Carlton Commctns	£10⅛	+⅛	8.0	♦	1.1	♦
226	178	Chapman Inds. 50p	220		†8.4	1.2	5.4	21.2
173	140	♣Clarke Hooper 5p	140		2.3	2.9	2.4	21.0
505	215	Clondalkin Group	505	+10	♦Q50.15%	♦	2.2	♦
77	43	Conrad Hldgs	61	–2	1.35	0.7	8.1	23.6

Miscellaneous

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
147	30	Anglo-Dominion	124	.....	—	—	—
		For Anglo Utd see Buildings					
80	23	♥Colby Res Corp.	27	+4	—	—	—
300	115	Cons. Murch. 10c	£13¾xd	.....	Q60c	4.4	9.9
47	24	♥Emnex Int. Ir10p	47	+1	—	—	—
172	70	Greenwich Res	172	+2	—	—	—
327	165	♥Highwood Res	222	+4	—	—	—
£20¾	£13½	Homestake Mining $1	£17½	+⅛	Q20c	—	0.8
310	156	♥McFinley Red Lake	165	–18	—	—	—
285	113	♥Musto Explorations	148	+2	—	—	—
51	28	♥New Sabina Res C$1	44½	.....	—	—	—
353	200	Northgate C$1	308	+5	—	—	—
790	513	RTZ	748	+26	22.0	2.4	4.1
£164	£115	Do. 9½pcLn '95-2000	£152¼	+4	Q9½%	15.5	(6.3)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profits after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	62	.....	Fin. 13% 97/02	£100⅞	+1⅛
Craig & Rose £1	£349¼	.....	Arnotts	400	+10
Finlay Pkg. 5p	53	–1	CPI Hldgs	55	–3
Holt (Jos) 25p	895	.....	Carrol Inds.	155xd	+4
IoM Stm. £1	76	.....	Dublin Gas	10	.....
			Hall (R. & H.)	102	+2
IRISH			Heiton Hldgs.	27	.....
Fund 11¼% 1988	£97¼	+⅛	Irish Ropes	145xd	.....
Nat. 9¾% 84/89	£92½	+½	Unidare	385	.....

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16

* New time dealings may take place from 9.00 am two business days earlier.

Equity sector closes firmly but less buoyant while Gilt-edged gains are trimmed

The UK securities markets continued to show confidence in the outlook for the British economy in 1987, although the equity sector began to show signs of tiredness after the dramatic advance of the past fortnight. Helped by the steady performance by sterling as the European currencies were realigned, Government bonds stayed firm.

Share prices made a good start, on the back of Friday evening's upswing into the new trading account. But support soon flagged, and scattered losses were showing across the range until the arrival of a few US buyers at mid-session turned the multinational stocks higher again.

The FT-SE 100 index, eight points up at first, and then down 1.8, ended with a net gain of 3.3 to 1755.6, the fourth consecutive daily peak. The FT Ordinary index added 3.0 to 1389.4.

Traders were neither surprised nor discouraged to see the stock market pausing for breath. The past week has brought a gain of 4.5 per cent in the FT-SE 100 index, featuring spectacular gains in Glaxo, Imperial Chemical and other major blue chips.

While no new factors entered the market's calculations yesterday, major investors remain optimistic over UK interest rates and Budget prospects.

Oil stocks were the first sector to benefit from US support, as the sudden onset of severe winter weather throughout Europe pushed crude prices ahead. But final gains in the oil majors were small, Britoil shedding much of its early gains despite heavy turnover of 8.4m shares. Similar patterns were traced by British Petroleum (3.1m shares) and by Shell (3.9).

Imperial Chemical Industries continued to attract US buyers, but domestic interest was damped down by bearish comment in the London press—one source suggested selling the shares ahead of the quarterly trading report. UK funds preferred to buy Fisons, leaving the US houses to concentrate on Glaxo and Saatchi & Saatchi. Sony, the Japanese electronics retailer, held steady despite reports that a major US house was taking a brearish stance.

Among domestic issues, Guinness fell sharply as the market pondered the decision to "step aside" of the chairman and chief executive—but made little further response to the resignation of the finance director.

Government bonds started well, and the authorities took the opportunity to sell more of the 1994 tap stock issued last week. This checked the market's advance, and prices then drifted back in sluggish trade, to close with net gains of ¼ or so.

With the pound firm, and little UK Government financing needed before the April financial year-end, the outlook for Gilts remains good, according to City analysts.

Fears of substantial claims arising from the sudden arctic conditions in the UK induced nervous selling of Composite Insurances. Closing levels were above the lowest of the day, but General Accident still sustained a fall of 12 at 853p and Royals ended the same amount cheaper at 869p. Sun Alliance relinquished 10 at 692p and GRE dipped 7 at 825p, while Commercial Union softened 5 at 290p. Elsewhere, West German concern Allianz were a prominent casualty at £721, down 47 points, on domestic market influences.

Hill Samuel were once again well to the fore among merchant banks, jumping 17 to 480p on takeover hopes; last week, Australasian groups NZI and FAI-Insurances acquired stakes of 4.5 and 7.4 respectively in HS. Schroders gained 15 at 775p in a thin market. Union featured Discount Houses with a leap of 35 to 743p following buying ahead of the preliminary results scheduled for February 4. Fund-raising fears clipped 9 more from Midland, at 584p, among quieter clearing banks.

The Guinness situation continued to dominate the Brewery sector and the leaders, drifted off in the absence of buyers. Bass settled a few pence cheaper at 773p, as did Scottish and Newcastle, at 207p. Allied-Lyons were a shade off at 345p. Greenall Whitely gained 5½ to 215½p following Press comment, while Buckleys firmed 3 to 166p as first Whitbread and then Bestwood increased their holdings in the company to 18 per cent and 27 per cent respectively.

Recently buoyant leading Buildings took a breather and prices closed with small irregular movements. Blue Circle, particularly good of late on Adelaide Steamship stake speculation, closed unchanged at 725p, after 720p, but RMC continued to attract support and in a market short of stock moved up 8 to 717p, while Tarmac firmed 6 to 460p. Redland eased 3½ to 447p in the absence of further buying interest, but Costain edged up 3 more to 546p and George Wimpey hardened 3 to 203p. Elsewhere, Phoenix Timber gained 18 to 116p in response to Press comment, while speculative buying prompted a gain of 4 to 79p in Hewden Stuart. Stanley Miller put on 5 to 43p. Newsletter comment stimulated Tay Homes which gained 6 to 256p. Baggeridge Brick picked up 15 to 515p in a restricted market and Wettern Brothers added 3 to 168p, the latter pending the outcome of bid discussions. Still reflecting recent acquisition news, Anglia Secured Homes gained 7 to 323p.

Recent favourite ICI continued to move forward and closed 4½ higher at 1167p, after 1170p. Elsewhere in the Chemical sector, Coalite added 10 to 301p and Allied Colloids firmed 6 to 246p. Newsletter comment encouraged fresh support for British Benzol which closed 4 dearer at 72p, while Press mention boosted James Halstead 10 to 179p.

FINANCIAL TIMES STOCK INDICES	Jan. 12	Jan. 9	Jan. 8	Jan. 7	Jan. 6	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.23	85.31	85.21	84.57	84.49	80.95	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.47	91.43	91.29	90.74	90.83	87.42	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,389.4	1,386.4	1,372.5	1,353.0	1,334.3	1,108.8	1,425.9 (3/4/86)	1,094.3 (14/1/86)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	337.5	324.9	319.6	316.3	315.6	300.2	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.13	4.14	4.17	4.22	4.29	4.46				
Earnings Yld.%(full)	9.76	9.78	9.88	9.99	10.16	10.94				
P/E Ratio (net) (*)	12.58	12.54	12.43	12.29	12.08	11.35				
SEAQ Bargains (5 pm)	42,778	47,658	46,181	35,831	34,339	—				
Equity Turnover (£m)	—	2,080.16	1,338.87	1,155.04	1,326.57	375.47				
Equity Bargains	—	65,117	50,475	48,494	45,467	22,589				
Shares Traded (ml)	—	650.3	715.5	479.2	484.4	202.1				

S.E. ACTIVITY Indices	Jan. 9	Jan. 8
Gilt Edged Bargains	152.1	163.9
Equity Bargains	421.9	327.0
Equity Value	4204.5	2706.2
5-Day Average		
Gilt Edged Bargains	144.7	132.3
Equity Bargains	325.1	289.9
Equity Value	2732.0	2020.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1392.0	1390.4	1385.2	1384.2	1385.5	1390.2	1392.2	1391.6

Day's High 1392.2. Day's Low 1384.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=12.12.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Revived hopes of Budget tax cuts and lower interest rates induced renewed support of leading retailers. Dixons reflected weekend Press comment and buying ahead of tomorrow's interim figures—dealers anticipate first-half profits of around £41m-£42m—and closed a further penny higher at 349p, after 357p. Marks and Spencer, a strong market towards the end of last week following the announcement that it had been granted a licence to take deposits by the Bank of England, closed unaltered at 196p, after 199p. Laura Ashley added 5 at 167p and Next closed the same amount dearer at 244p. Excellent half-years figures from Ratners had already been well discounted and the shares drifted a couple of pence off at 271p. Elsewhere, S. Casket featured with a leap of 14 to 97p following a squeeze of bear positions. Mrs Field rose 12 to 155p in response to Press comment and Freemans gained 14 at 412p. Ward White were wanted at 310p, up 11.

BICC wanted

BICC, recently the subject of a Barclays de Zoete Bevan recommendation, took a further stride forward, rising 11 afresh to 300p in response to press comment. GEC moved up 2 at 193p, while STC reflected revived takeover hopes with a fresh gain of 5 at 193p. Elsewhere in Electricals, computer stocks showed up well. Acorn rose 7 to 57p as did Apricot, to 61p, while Personal gained 10 at 145p. Press-inspired improvements of 13 and 15 respectively were recorded in First Security, 215p, and Millerware, 84p, while AB Electronics rose 19 to 359p and Sintrom jumped 20 to 103p.

Engineering improvements were numerous and included Baker Perkins, up 12 at 335p following news of the merger talks with APV, 6 harder at 596p. A tipsheet recommendation touched off demand for Hampson Industries, 6½ higher at 63p, while B. Elliott spurted 8 to 80p helped by stock shortage. Camford returned to favour and picked up 6 at 106p, while buyers were also about for RHP, 6 dearer at 174p. Comment on expansion prospects triggered a double-figure gain of 21 to 481p in Carclo. Leading issues made only limited headway, but Simon picked up 13 at 323p, while Tyzack Turner rose 10 to 183p and W. A. Tyzack put on 6 at 74p.

Foods continued to trade firmly. Cadbury Schweppes were active as takeover rumours resurfaced and the price gained 8½ to 205p. Tate and Lyle were 3 dearer at 597p and Unigate the same amount up at 337p. Rowntree Mackintosh added 3 to 430p, as did Northern Foods, to 263p. Among Retailers, Tesco attracted support at 425pxd, up 3½. Elsewhere, A. G. Barr rose 62 to 390p in a restricted market in reply to the good annual results.

Hotels were a shade easier for choice. Trusthouse Forte softened a couple of pence to 184p and Ladbroke shed 6 to 397p. Grand Metropolitan settled 5 off at 455p.

Firm features were plentiful in miscellaneous industrials. Lilleshal were outstanding with a jump of 40 to a new peak of 188p following news that Mr John Leek had been appointed chairman and had bought a near 7 per cent stake in the company. F. H. Tomkins jumped 12 to 300p following the bumper interim profits—up from £2.4m to a record £9.2m—and proposed one-for-three scrip-issue. Week-end press comment induced support for Dinkie Heel which gained 9½ to 37p and for Armour Trust, 4 dearer at 48p. Ashley Industrial Trust revived with an improvement of 7 at 44p, while gains of 7 and 10 respectively were seen in Bullers, 57p, and Sharna Ware, 53p. Hunter jumped 30 to 360p as parent group Hillsdown increased their stake in the company and Parker Knoll "A" rose 45 to 499p and Redfearn Glass 31½ to 365p on revived speculative support. Counter bid hopes helped Barrow Hepburn rise 3 at 64p and Alumasc firmed 9 to 210p following an investment recommendation. Centreway Industries advanced 8½ at 41½p, while firm base metal prices left Johnson Matthey 7 to the good at 235p and Charter Consolidated 12 higher at 305p. Unconfirmed reports that Hanson Trust had reduced its stake in Bowater to just below 5 per cent left the latter 8 off at 355p. Among the leaders, US buying lifted Rank 13 to 566p and Fisons were again wanted at 593p, up 12.

Television issues, the subject of US support last week, made further progress with Television South rising 11 to 277p in front of today's annual results. LWT firmed 10 to 465p and Tyne Tees 5 to 262p.

Pleasurama shed 4½ more to 311p, sentiment still clouded by the chairman's resignation following a dispute over the company's acquisition policy.

Motor Distributor Caffyns roared higher when newspaper comment triggered fresh speculative inquiries which found marketmakers short of stock. The upshot was that shares rose quickly to touch 310p before settling below the highest at 305p, up 24 on the day. The sector produced lesser features in Appleyard, 5 better at 183p, and Jessups, 4 higher at 116p. C. D. Bramall were 2 dearer at 148p, while BSG International hardened a penny further to 57¼p following weekend press mention. Car and Component manufacturers passed a subdued session.

A newsletter recommendation touched off a run in Cradley Print and the price jumped 16 to 112p. Barham contiued to attract support, rising 7 more to 164p, while Bemrose picked up a like amount at 225p. Irish influences pushed Jefferson Smurfit up 35 to 375p, but profit-taking brought Monotype Corporation back 8 to 153p. Gold Greenless improved further ahead of the interim results, due next Monday, to close 7 dearer at 218p. USM-listed Accord Publications revived with a gain of 10 to 178p, but there was little else worthy of mention in the Publishing sector. Among Agencies, Saatchi and Saatchi picked up 4 to 752p, still reflecting a broker's recommendation.

The Property leaders' recent good run faltered and prices eased back in the absence of fresh demand. Land Securities settled 6½ cheaper at 344p and MEPC gave up 5 at 347p. British Land shed 4 to 180p following shareholders' approval for the Euston Centre acquisition. Moving sharply against the trend, Peachey rose 15 to 303p, reflecting renewed institutional demand on asset value considerations. Elsewhere, Daejan firmed 5 more to 675p, and Bradford Property improved the same amount to 495p. Warnford were a firm market at 775p, up 25 and old takeover favourite Marler Estates revived with a gain of 40 at 645p. Grainger Trust rose 30 to 625p in a restricted market. Local London rose 25 to 370p in response to a broker's recommendation.

Ocean Transport benefited from the award of a five-year distribution contract from J. Sainsbury, closing 7 firmer at 249p, but Milford Docks eased a couple of pence to 71p despite news that Seacon and its associates had increased their stake to 18.75 per cent.

Textile investors were selective and with the exception of Courtaulds, up 9 at 350p, tended to conconcentrate on the lesser-known stocks. Kingsley and Forester rose to 68p before settling 3 up at 65p but Robert H. Lowe ran into profit-taking after news of doubled profits and a resumption of dividends to end slightly eased at 160p. Debron Investments, which presents its recent US acquisition to City analysts and fund managers today, gained 3 to 61p helped also by a recommendation from BZW securities. Elsewhere, Tomkinsons and Leeds advanced 5 to the respective levels of 251p and 213p.

Mercantile House resumed last week's sharp rise, aided by widespread mention in the weekend financial columns, and closed 8 up at 408p, after 410p. International City prospered, too, gained 8 further to 216p, while Brint Investments advanced 12 to 298p. Argyle Trust revived with a gain of 5 to 101p, and NMC Investments advanced 8 to 178p on press comment. For a similar reason, Raeburn Investment Trust moved up 5 to 458p. Yule Catto were a strong late feature at 266p, up 18.

Minor gains among the oil majors, reflecting firmer crude prices and the current inclement weather in Europe, were largely eroded late in the session as demand petered out. British Petroleum, after early progress to 762p, subsequently settled virtually unchanged at 758p, while Shell performed in similar fashion and closed unaltered at 1024p. Britoil attracted a useful two-way trade and, after touching 180¼p, eased to finished 2½ dearer on balance at 179½p. Tricentrol continued to attract buyers on takeover hopes and touched 91½p prior to closing a couple of pence better on balance at 89p.

With a softer dollar continuing to help gold bullion prices, there was further support for gold-orientated issues from European investors.

The FT Gold Mines index climbed 12.6 to 337.5.

Traded Options

Demand for Traded options contracted with 45,671 deals done compared with Friday's 31,365. British Gas were particularly active with 12,955 calls and 974 puts arranged, while Dixons recorded 1,909 calls and 203 puts ahead of tomorrow's interim results. Marks and Spencer were also fairly active with 1,263 calls and 154 puts completed.

Traditional Options

- First dealings Jan 5 Jan 19 Feb 2
- Last dealings Jan 16 Jan 30 Feb 13
- Last declaration Apr 2 Apr 23 May 7
- For Settlement Apr 13 May 5 May 18

For rate indications see end of Unit Trust Service

Calls were arranged in Phicom, Boms, Norfolk Cap, Fairline Boats, Laura Ashley, Greenbank, Ennex, Tay Homes, Ryan Int, Brent Walker, North Kalgurli, TV am, Telemetrix, Stanless Met, St Modwen, Berkly Hay Hill, Stockley, Israel (J), NMC, Morris (Wm), Argyll, New London, Boots, Bryson, Birmid, Evered, Silentnight, Bristol Channel, Greenwich Res, Ashley Inds, Soag, Tricentrol, Sound Diffusion, Guinness, Premier Oil, Bentalls, Locker (T), Amstrad, Parkdale, Lit, Tyzack, Atlantics, Elswick Hopp, Checkpoint, Rotaprint, Ramar, Broad St, GRA, Davy Corp, Tranwood, BSR, Eglinton, Courtaulds, Tenby, BICC, Armour, Wellcome, Aquarius, Babcock, BSR, Wills Grp and Cityvision. Puts were taken out in Fairline Boats, BR Benzol, Cifer and Nolton, while doubles were completed in Ryan Int and BICC.

NEW HIGHS AND LOWS FOR 1986/87

NEW HIGHS (309)

BRITISH FUNDS (2), AMERICANS (2), CANADIANS (5), BANKS (5), BREWERS (4), BUILDINGS (25), CHEMICALS (10), STORES (15), ELECTRICALS (19), ENGINEERING (10), FOODS (12), HOTELS (4), INDUSTRIALS (48), INSURANCE (4), LEISURE (6), MOTORS (8), NEWSPAPERS (3), PAPER (10), PROPERTY (10), TEXTILES (8), TOBACCOS (1), TRUSTS (66), OILS (7), OVERSEAS TRADERS (4), PLANTATIONS (2), MINES (19).

NEW LOWS (6)

AMERICANS (1) Saul (B. F.), ELECTRICALS (2) Datron International, INSTEM, FOODS (1) Cranswick Mill, INDUSTRIALS (2) Huntleigh Technology, Wilkes (J.).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,600	163	−1	Ladbroke	219	397	−6
Allied Lyons	3,500	345	−2	Land Securities	1,800	344	−6½
BAT	6,200	498	+4	Legal & Gen.	3,100	265	−5
BET	679	468	+10	Lloyds Bnk	570	452	−5
BOC	890	394	−3	Lonrho	1,000	249	—
BTR	940	285	−5	Marks & Spncr	8,000	196	—
Barclays	913	517	+1	Midland Bank	1,200	584	−9
Bass	671	773	−5	NatWest Bank	1,800	549	−5
Beecham	1,800	455	−3	Pearson	714	596	−3
Blue Circle	1,000	726	+1	P & O	1,000	553	+5
Boots	13,000	250	—	Pilkington Bros	685	625	−1
Brit. Aero	1,600	543	+7	Plessey	4,900	190	+2
Brit. Gas	109,000	67	+1	Prudential	2,400	838	−4
Britoil	8,900	179½	+2½	Racal	1,300	186	−1
BP	3,500	758	+2	Rank Org	1,800	566	+13
Brit. Telecom	6,700	217	+1	Reckitt & Col	133	198	+1
Burton	6,000	290	−1	Reuters	584	579	+8
Cable & Wire	3,400	362	+10	RTZ	1,800	748	+26
Cadbury Schwps.	10,000	205	+8½	Rowntree Mac	1,700	430	+3
Coats Viyella	1,000	516	+10	Royal Insurance	624	868	−11
Comm. Union	2,300	290	−5	STC	5,100	193	+5
Cons. Gold	1,000	712	+3	Sainsbury	1,400	436	−2
Courtaulds	1,800	350	+9	Sears	5,000	125	−½
Dee Corp	6,700	225	+2	Sedgwick	791	325	+2
Dixons Grp	5,700	349	+1	Shell Trans	4,000	£10¼	—
Fisons	1,500	593	+12	Smith & Nephew	1,900	134	−1
Gen. Accident	139	853	−12	Standard Chart	115	792	—
Gen. Elect.	4,500	193	+2	Storehouse	1,800	281	−4
Glaxo	1,500	£11[illegible]	+⅛	Sun Alliance	267	692	−10
Grand Met	1,700	455	−5	TSB	5,500	75½	+½
Gus "A"	697	£10[illegible]	+⅛	Tesco	1,400	425	+3½
Guardian R.E.	254	823	−9	Thorn EMI	2,400	504	+1
GKN	738	295	—	Trafalgar House	612	298	−1
Guinness	14,000	298	−11	T'house Forte	1,300	184	−2
Hanson Trust	8,300	203	+1	Unilever	230	£21⅞	−1/16
Hawker Sidd	755	503	+4	United Biscuits	2,300	241	—
ICI	1,700	£11[illegible]	+⅛	Wellcome	3,300	250	—
Jaguar	1,700	587	−3	Woolworth	135	700	−4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	38	48	27
Corporations, Dominion and Foreign Bonds	11	2	57
Industrials	671	297	561
Financial and Properties	217	113	254
Oils	52	19	42
Plantations	6	0	8
Mines	100	12	71
Others	65	70	66
Totals	1,160	561	1,086

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jan 12 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri Jan 9 Index No.	Thur Jan 8 Index No.	Wed Jan 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	739.76	+0.5	8.43	3.52	15.03	0.13	736.35	728.92	718.30	577.19
2	Building Materials (27)	912.00	+0.1	8.17	3.37	15.40	0.40	911.27	903.91	884.54	623.77
3	Contracting, Construction (28)	1268.10	+0.6	7.42	3.66	18.52	0.34	1260.45	1239.35	1216.02	938.49
4	Electricals (12)	1882.97	+1.7	8.00	4.48	16.04	0.00	1850.71	1854.79	1823.28	1551.96
5	Electronics (38)	1619.13	+1.0	8.83	2.54	15.02	0.00	1603.74	1595.51	1592.04	1459.00
6	Mechanical Engineering (61)	422.98	+0.7	9.41	3.91	13.54	0.13	420.21	413.31	404.73	323.39
8	Metals and Metal Forming (7)	386.05	+1.2	9.47	3.85	12.83	0.00	381.51	376.28	368.73	249.16
9	Motors (15)	291.47	+0.3	9.48	3.60	12.16	0.00	290.61	288.61	282.45	210.45
10	Other Industrial Materials (21)	1256.17	−0.3	7.15	4.38	16.68	0.09	1260.55	1244.85	1229.89	1006.48
21	CONSUMER GROUP (186)	999.63	+0.1	7.32	3.15	17.56	0.39	998.45	987.80	976.97	748.87
22	Brewers and Distillers (22)	970.08	−1.1	8.77	3.57	14.32	0.00	980.62	967.69	954.03	773.84
25	Food Manufacturing (25)	762.53	+0.3	8.79	3.68	14.92	1.02	760.05	750.92	742.59	556.48
26	Food Retailing (16)	1974.51	+0.3	6.69	2.71	20.81	1.94	1969.38	1931.34	1912.77	1718.46
27	Health and Household Products (10)	1756.22	+0.2	5.41	2.16	21.43	0.00	1751.91	1770.36	1765.59	1184.57
29	Leisure (31)	1026.44	+0.2	7.36	3.97	17.80	0.25	1024.63	1023.87	1011.28	757.94
31	Packaging & Paper (14)	527.41	+0.1	6.50	3.16	19.93	0.18	527.04	518.44	511.25	364.87
32	Publishing & Printing (14)	2940.00	+0.7	6.63	3.88	19.45	3.41	2920.09	2873.64	2848.88	1847.67
34	Stores (37)	875.62	+0.2	7.28	3.07	18.67	0.01	874.03	856.50	842.30	724.12
35	Textiles (17)	598.16	+1.6	8.82	3.43	13.05	0.00	588.47	573.14	567.61	379.21
40	OTHER GROUPS (87)	864.00	+0.8	8.86	3.85	14.03	0.06	857.46	848.84	843.98	706.47
41	Agencies (16)	1169.92	+1.0	5.00	1.88	27.27	0.00	1158.24	1153.96	1145.35	0.0
42	Chemicals (21)	1084.75	+0.5	8.17	4.04	14.91	0.22	1079.20	1063.31	1055.56	732.46
43	Conglomerates (13)	1176.00	+0.5	7.35	3.71	16.15	0.15	1170.03	1162.90	1152.02	0.0
45	Shipping and Transport (11)	1665.33	+0.8	7.33	4.53	16.95	0.00	1652.38	1623.06	1612.73	1338.32
47	Telephone Networks (2)	874.61	+1.0	10.70	4.41	12.75	0.00	866.15	862.96	862.43	870.34
48	Miscellaneous (24)	1188.32	+0.8	10.08	3.48	11.18	0.00	1178.47	1157.60	1148.80	883.13
49	INDUSTRIAL GROUP (482)	907.08	+0.4	8.02	3.43	15.80	0.22	903.63	894.28	884.95	701.02
51	Oil & Gas (18)	1565.81	+0.2	10.88	5.79	11.62	0.00	1562.07	1529.89	1534.40	1110.16
59	500 SHARE INDEX (500)	962.78	+0.4	8.43	3.77	15.02	0.20	959.32	947.97	939.90	736.23
61	FINANCIAL GROUP (117)	637.87	−0.4	—	4.47	—	0.10	640.27	633.39	629.43	513.78
62	Banks (8)	692.92	−0.5	18.21	5.30	7.54	0.00	696.24	688.72	695.17	524.37
65	Insurance (Life) (9)	906.72	−0.4	—	4.28	—	0.00	910.23	898.44	885.52	784.89
66	Insurance (Composite) (7)	481.50	−1.3	—	4.51	—	0.00	488.01	485.13	472.92	412.38
67	Insurance (Brokers) (9)	1183.78	+0.3	8.07	4.48	16.11	0.97	1179.97	1180.27	1164.86	1179.90
68	Merchant Banks (11)	378.66	+0.2	—	3.85	—	0.00	377.88	366.20	363.37	283.01
69	Property (47)	827.25	−0.3	5.86	3.56	22.22	0.00	830.03	820.66	813.37	647.10
70	Other Financial (25)	397.69	+0.7	7.61	3.82	16.57	0.48	394.84	392.32	389.88	291.88
71	Investment Trusts (97)	897.87	—	—	2.56	—	0.25	897.56	894.86	887.20	640.21
81	Mining Finance (2)	364.04	+2.4	8.58	4.41	13.70	0.00	355.58	345.72	348.67	246.33
91	Overseas Traders (12)	812.38	+0.3	9.86	5.58	12.29	0.00	810.32	805.06	798.03	610.93
99	ALL-SHARE INDEX (728)	875.74	+0.3	—	3.85	—	0.18	873.53	863.56	856.67	672.02

	Index No.	Day's Change	Day's High	Day's Low	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Year ago
FT-SE 100 SHARE INDEX ♣	1755.6	+3.3	1760.8	1750.5	1752.3	1733.1	1722.2	1690.7	1680.0	1384.6

FIXED INTEREST

	PRICE INDICES	Mon Jan 12	Day's change %	Fri Jan 9	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.26	+0.01	120.24	—	0.40
2	5-15 years	135.01	−0.03	135.04	—	0.08
3	Over 15 years	142.16	−0.26	142.54	—	0.00
4	Irredeemables	154.35	+0.38	153.77	—	0.00
5	All stocks	132.37	−0.05	132.44	—	0.18
	Index-Linked					
6	5 years	116.54	+0.08	116.45	—	0.00
7	Over 5 years	113.78	+0.19	113.72	0.15	0.15
8	All stocks	114.20	+0.17	114.13	0.13	0.13
9	Debentures & Loans	116.32	+0.59	115.78	0.14	0.14
10	Preference	80.16	+0.47	79.79	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 12	Fri Jan 9	Year ago (approx.)
	British Government				
1	Low	5 years	9.49	9.55	10.07
2	Coupons	15 years	9.83	9.81	10.54
3		25 years	9.83	9.81	10.55
4	Medium	5 years	10.47	10.46	11.78
5	Coupons	15 years	10.11	10.09	10.99
6		25 years	9.91	9.88	10.60
7	High	5 years	10.58	10.57	11.92
8	Coupons	15 years	10.27	10.25	11.18
9		25 years	9.96	9.93	10.69
10	Irredeemables †		9.74	9.78	10.24
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.62	3.66	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.75	3.76	0.0
13	Inflat'n rate 10%	5 yrs	2.16	2.19	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.59	3.60	0.0
15	Debs &	5 years	11.00	11.03	12.06
16	Loans	15 years	10.99	11.03	11.66
17		25 years	10.99	11.03	11.65
18	Preference †		11.69	11.71	12.02

♣ Opening index 1760.8; 10 am 1756.8; 11 am 1753.9; Noon 1751.5; 1 pm 1752.2; 2 pm 1756.9; 3 pm 1758.9; 3.30 pm 1759.3; 4 pm 1759.0.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

January 12. Total Contracts 45,671. Calls 37,837. Puts 7,834

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

Jan. 12	Price Sch.	+ or —
Credit'nst'lt pp	2,100	—10
Goesser	5,140	+50
Interunfall	13,050	+50
Jungbunzlauer	11,310	—90
Laenderbank	2,100	—10
Perlmooser	612	
Steyr Daimler	151	+1
Veitscher Mag	11,056	

BELGIUM/LUXEMBOURG

Jan. 12	Price Frs.	+ or —
B.B.L.	3,100	
Banq. Gen. Lux.	16,000	
Banq. Int. A.Lux.	16,150	
Bekaert	10,000	—300
Ciment CBR	3,990	
Cockerill	132	
Delhaize	2,800	+20
EBES	4,850	
Electrobel	14,925	
Fabrique Nat.	1,908	
GB Inno BM	9,180	+20
GBL (Brux)	3,585	—10
Generale Bank	6,140	+10
Gevaert	6,120	+120
Hoboken	7,820	—80
Intercom	3,840	+40
Kredietbank	4,040	+30
Pan Hldgs.	10,800	—50
Petrofina	9,510	+30
Royale Belge	29,396	—5
Soc. Gen. Belge.	3,360	—25
Sofina	11,975	+125
Solvay	8,410	—10
Stanwick Intl.	230	
Tractionel	6,500	+160
UCB	6,480	—140
Wagons Lits	5,380	+20

DENMARK

Jan. 12	Price Knr %	+ or —
Baltica Skand.	830	+35
Cop Handels'nk.	299	+24
D. Sukkerfab.	358	+11
Danske Bank	365	+29
East Asiatic	188	+8
Forenede Brygg.	895	+10
GNT Hld	310	+5
I.S.S.B	765	+20
Jyske Bank	510	+30
Novo Inds*	249	+5
Privatbanken	257	
Sophus Berend.	760	+25
Superfos	158	+8

FINLAND

Jan. 12	Price Mks	+ or —
Amer	188	+0.5
KOP	45.25	+0.30
Kone	195	
Finnish Sugar	101	+1.75
Nokia	149	+15.5
Pohjola "B"	76.30	—1.45
Rauma-Repola	19.75	
Stockmann "B"	142	+0.5
UBF "C"	31.45	+2.40
Wartsila (811)	168	+7.5

GERMANY

Jan. 12	Price Dm.	+ or —
AEG	306.5	—0.5
Allianz Vers	1,965	—65
BASF	258.5	—3.5
Bayer	299	—4.3
Bayer-Hypo	522	—15
Bayer-Verein	475	—12
BHF-Bank	509	—4
BMW	525	—15
Brown Boveri	277	—13
Commerzbank	295	—0.8
Cont'l Gummi	312	
Daimler-Benz	1,129	—9
Degussa	460	+5
D'sche Babcock	205.5	+5.5
Deutsche Bank	759	—10
Dresdner Bank	378	—4.5
Feld-Muehle Nbl	274	
Henkel	468	+6
Hochtief	952	—8
Hoechst	262	
Hoesch werke	110	+2
Holzmann (P)	520	
Horten	227	+2
Hussel	600	—3
Karstadt	465	—7
Kaufhof	502	—3
KHD	155	
Kloeckner	60	—0.5
Linde	671	+1
Lufthansa	175	+2
MAN	169.5	+0.5
Mannesmann	160.5	—1.5
Mercedes Hld.	956	—11
Metallgesell	290	
Muench Rueck	2,445	—15
Nixdorf	727.5	+3.5
Porsche	990	
Preussag	186.5	—0.5
Rhein West Elect	221	—4
Rosenthal	320	+4
Schering	650	—4.5
Siemens	698.5	—14.3
Thyssen	111.5	—1.5
Varta	354	+2.5
Veba	286.7	—1.8
V.E.W.	155	+3
Verein-West	476	
Volkswagen	399	—1

ITALY

Jan. 12	Price Lira	+ or —
Banco Com'le	25,850	+650
Bastogi-IRBS	682	+7
Centrale	3,370	
C.I.R.	7,050	
Credito Italiano	3,450	
Fiat	14,000	+100
Generali Assicur.	132,500	+1,200
Italcementi	74,500	—450
La Rinascente	987	+11
Montedison	2,870	—15
Olivetti	15,150	+100
Pirelli Co.	7,090	+90
Pirelli Spa	5,030	+30
Saipem	4,800	+20
Snia BPD	4,820	
Toro Assic	32,150	—130

FRANCE

Jan. 12	Price Frs.	+ or —
[illegible]		

NORWAY

Jan. 12	Price Kroner	+ or —
Bergens Bank	186.5	
Bergesen B	250	—5
Christiania Bank	205	—1
Den Norke Cred.	177.5	
Elkem	91	—4.5
Kosmos	133	+0.5
Kvaerner	176	
Norcem	115.5	—0.5
Norsk Data	205	+0.5
Norsk Hydro	144	+0.5
Orkla-Borregaad	370	—2
Storebrand	304	

SPAIN

Jan. 12	Price Pta %	+ or —
Bco Bilbao	1,520	+70
Bco Central	1,045	+20
Bco Exterior	405	+15
Bco Hispano	585	—25
Bco Popular	1,600	
Bco Santander	1,010	+29
Bco Vizcaya	1,780	+80
Banesto	890	+40
Dragados	498	+23.5
Hidrola	111	+0.5
Iberduero	162.7	—2
Petroleos	399	
Telefonica	180	+3.3

SWEDEN

Jan. 12	Price Kronor	+ or —
AGA	165	
Alfa-Laval B	266	—3
ASEA (Free)	325	—7
Astr (Free)	480	—5
Atlas Copco	165	—5
BeljerA.B.	160	+3
Cardo (Free)	190	
Cellulosa	270	—11
Electrolux B	299	—11
EricssonB.	209	—5
Esselte	130	—2
Mo och Domsjo	270	—5
Pharmacia	197	
Saab Scania Free	720	
Sandvik	138	—4
Skandia	118	—10
Skan Enskilda	113	—2
SKF	335	—2
StoraKopparbrg.	308	—3
Sven. Handlsbk	402	—8
Swedish Match	440	
Volvo B (Free)	309	—13

SWITZERLAND

Jan. 12	Price Frs.	+ or —
Adia Intl	8,950	—50
Alusuisse	510	+1
Bank Leu	3,840	—60
Brown Boveri	1,835	—25
Ciba Geigy	3,500	—35
do. (Part Certs)	2,490	—30
Credit Suisse	3,800	—90
Elektrowatt	3,670	—5
Fischer (Geo)	1,820	+20
Hoff.Roche PtCts	111,800	—1000
Hoff-Roche 1/10	12,125	—60
Jacobs Suchard	8,650	—100
[illegible]		

NETHERLANDS

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices January 12

[illegible]

MONTREAL

Closing prices January 12

[illegible]

Indices

NEW YORK

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

Stock	Sales (Hhds)	High	Low	Last	Chng
Reading	22 530	25⅛	24⅝	25⅛	+ ¼
Reeves	23 1388	9⅝	8⅞	9¼	+ ⅜
Relac	51 66	10¼	10⅛	10⅛	— ⅛
RgcyEl .20	4000	7⅛	7	7⅛	+ ⅛
RntCtrs	27 374	25¾	25¼	25¾	+ ½
RepAm.10e	16 576	15½	15⅜	15½	+ ¼
ReutrH .40e	1421	u52¾	51⅞	52½	+ ⅝
SpecCtl .07	16 277	9⅝	9⅝	9⅝	+ ⅛
StarSur	61 33	7⅝	7½	7⅝	+ ⅛
StatBld .20	66	10¼	9⅞	9⅞	— ⅜
Standy 1.20	13 622	37¾	36¾	37⅜	+ ⅜
StdMic	658 293	13⅛	12¾	13⅛	
StdReg .80	14 207	37¼	36¾	37¼	+1
StaStBs .40	8 399	27	26¾	26⅞	
UBCol 1.08	7 405	23⅝	23⅛	23⅝	+ ⅜
UCaroB 1.04	10 66	28¼	28¾	28¼	
UCtyGs 1.60	16 108	25	24⅞	25	
UFireCs .80	15 8	32¾	32	32	
UHltCr	17 1119	8⅞	8½	8¾	+ ⅛
Usdins	113	21	20¾	21	
UtdSvrs .72	8 314	27¼	26	27¼	+ 1¼
Xicor	2320	8	7⅝	7⅝	- ⅛
Xidex	27 1776	13¾	13⅜	13½	- ¼
Xyvsn	208 935	u17	16	16⅝	+ 1⅛
YlowFs .62	15 1881	41½	40½	41¼	+ ½
ZenNtl .80	19 418	25¾	25¼	25½	
ZionUt 1.44	11 19	43½	43½	43½	+ ½
Zondvn	34 181	28½	28⅛	28⅜	+ ⅛

NYSE COMPOSITE CLOSING PRICES

Continued from Page 41

[illegible]

LONDON Chief price changes (In pence unless otherwise indicated)

RISES		
Accord Publ.	178	+10
Acorn Comp.	57	+ 7
Argyle Gr.	345	+11
Argyle Tr.	101	+ 5
Ashley Ind.	44	+ 7
BICC	300	+11
B. Perkins	335	+12
C. Schweppes	205	+ 8½
Caffyns	305	+24
Camford Eng.	106	+ 6
Casket (S.)	97	+14
Coalite Gr.	301	+10
Cradley Print.	112	+16
Dinkie Heel	37	+ 9½
Elliot (B.)	80	+ 8
Hill Samuel	480	+17
Hunter Gr.	380	+30
Lex Serv.	304	+10
Lilleshall	188	+40
Marler Ests.	645	+40
Melware Intl.	84	+15
Pk. Knoll A	499	+45
Peachey Prop.	303	+15
Smurfit. (Jeff.)	375	+35
Tyzack (W.A.)	74	+ 6
Tyzack Turner	183	+10
Union Disc.	740	+32

FALLS		
Bowater	355	— 8
Gen. Accident	853	—12
Mono. Corp.	153	— 8

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27¼	17	AAR s	.44	1.6	20	642	u27⅝	26¾	27½	+⅜
30¾	21⅝	ADT	.92	3.1		851	30	29½	29¾	
33	17	AFG s	.12	.4	16	770	u33¼	31⅝	33¼	+1⅝
32	16¾	AGS			20	324	31¼	31	31⅛	-¼
15	6¾	AMCA				276	7⅜	7¼	7¼	
62⅛	39⅜	AMR			13	6178	56¼	55½	55⅝	-⅝
27½	24	ANR pf 2.67		9.9		2	27½	27	27	+½
24¾	20⅛	ANR pf 2.12		8.8		3	24⅛	24	24	¼
16½	10	ARX	.71t	6.2	11	140	12	11½	11½	¼
41½	28¾	ASA	2a	5.1		1005	39⅞	39⅛	39⅞	+1
18⅝	9¼	AVX		2.5		285	12¾	12⅜	12¾	+½
32	25	AZP	2.72	8.7	9	2718	31¼	30⅞	31⅛	+⅛
55	31⅝	AbtLb s .84		1.7	22	5160	50¼	49¼	50⅛	+1⅛
32	25	AccoWd .56		2.0	18	200	28⅝	28⅛	28⅝	+⅝
14½	9	AcmeC .40		3.6		119	11¼	10⅝	11	-⅜
9¼	6⅛	AcmeE .32b		4.2	20	51	7⅝	7¼	7⅝	+¼
23⅞	17½	AdaEx 3.42e		16.		218	21½	21⅛	21⅝	+⅛
16⅝	9¼	AdmMl s				40	15⅞	15⅜	15⅞	+⅜
20⅜	12⅛	AdvSys .62t		3.2	15	330	19⅛	19	19⅛	+¼
32⅞	12⅞	AMD				4155	15	14⅞	15½	+¼
12⅝	5¼	Adobe				377	8⅛	7⅝	8⅛	+⅜
18⅝	13¾	Adob pf 1.84		11.		240	17⅝	16⅞	17⅝	+⅝
20¼	18⅝	Adob pf 2.40		12.		55	19⅝	19½	19⅝	
18⅝	11½	Advest .12e		.9	10	218	13⅞	13½	13⅞	⅛

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Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13¾	7⅞	NobilAf	.12	.9		2166	13⅛	12¾	13	+¼
25¼	6⅝	NordR s			16	609	24⅛	23¼	24⅛	+1⅛
99¼	73⅞	NorfkSo	.40	3.8	11	1496	90½	88¼	90⅛	+1⅞
23⅛	16⅞	Norsk	n.65e	3.9		834	19⅞	19⅝	19⅞	+⅜
33	25⅛	Norstr	1.40	4.6	11	352	30⅝	29¾	30¼	+⅝
19⅛	10⅝	Nortek s	.10	.7	7	x436	14⅞	14⅝	14⅝	
48	35⅞	NAPhil	1	2.2	27	335	45¼	44¼	44¾	
21½	15⅛	NEurO	2.48e	11.	9	306	21½	21	21½	+¼
28¼	17¾	NoeastUt	.68	6.5	10	1665	27	26⅜	26⅞	+¼
19½	10⅞	NindPS				2497	13	12¾	12¾	−¼
44½	33½	NIPS	pf3.10e	7.5		204	41½	41⅛	41⅛	−⅛
40⅛	25	NoStP	s1.90	5.3	11	1237	36⅝	36	36⅜	−¼
49	35	NSPw	pf3.60	7.7		z100	46½	46½	46½	+1½
57¼	39	NSPw	pf4.08	7.1		z3710	57¼	56¼	57¼	+¾
58	40	NSPw	pf4.10	7.2		z50	57	57	57	+¼
95	69½	NSPw	pf6.80	7.1		z7030	u95⅞	92	95⅛	+4⅞
105⅛	87½	NSPw	pf8.80	8.5		z5890	104	104	104	
38⅝	25¼	NorTel	.40	1.1		3373	35½	34⅝	35½	+1⅛
5⅝	3	Nthgat g				271	4⅞	4¾	4¾	
51⅝	36⅞	Nortrp	1.20	2.8	34	1147	42½	40¾	42⅛	+⅞
26¾	24	NwtP	pf2.50	9.6		7	26⅛	26⅛	26⅛	+⅛
21	13¼	NwStW			38	489	18½	18⅛	18⅜	
43	35	Norton	2	5.2		921	38⅞	38¼	38¾	+⅛
41⅝	28	Norwst	1.80	4.4	12	686	40¾	39⅝	40¾	+⅞
53½	50¼	Nwst	pf4.09e	7.8		275	52¼	51¾	52¼	+¼
35½	25⅞	Novo	.34e	1.0	16	661	35¼	34½	35	+¾
46⅛	29⅝	Nucor s	.32	.9	12	1062	34½	33¾	34⅛	−¼
73¼	46¾	Nynex	s3.48	5.1	11	1771	68⅝	67⅝	67⅞	+¼
		O O O								
2⅞	¾	Oakind				3812	1⅛	1	1⅛	
32¾	26⅞	OakiteP	1.52	5.0	16	34	30¼	29¾	30¼	+¾
18	11	Oakwd s			16	104	15⅞	15⅝	15⅝	
30⅝	22⅝	OcciPe	2.50	7.9	82	21118	u31⅝	30⅝	31½	+1
12½	9	OccIP wt				12	12½	12⅜	12½	+⅜
[illegible]										
135¼	88¼	VulcM	2.96	2.2	17	16	135	134	134	−1¼
		W W W								
46	28⅞	WICOR	2.60	5.9	12	23	43¾	43½	43¾	+¼
40	17½	Wackht	.60	2.8	19	43	22¾	22⅝	22¾	
7⅞	4	Wainoc				268	5⅞	5⅝	5⅞	+⅛
53⅞	29¾	WalMrt	.17	.4	34	2042	48⅝	48	48⅜	−⅜
38½	24⅞	Walgrn	.54	1.5	21	1620	35⅛	33¾	34⅞	+1¼
50⅛	37	WalCSv	.60	1.3	19	101	45⅞	45¼	45⅞	+1
54⅝	32½	WaltJ	s1.40	2.7	10	400	51¼	50¾	51	−¼
90¾	65	WaltJ	pf1.60	1.9		7	85½	85½	85½	−½
26⅝	16⅛	WmC s	.30	1.2	15	x649	26¼	25⅝	25⅞	+⅛
56	45¼	WmC	pf3.63	6.5		x1410	55⅝	54⅞	55⅝	+¾

Continued on Page 39

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

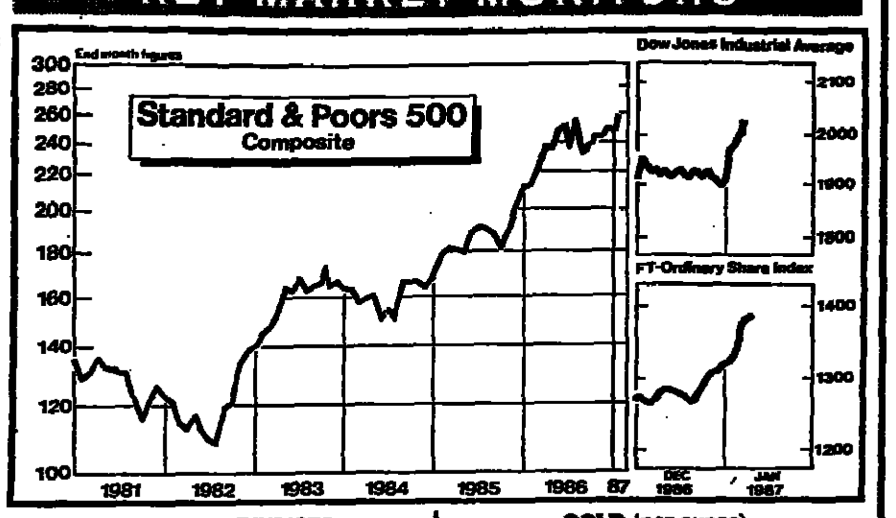
OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 12	Previous	Year ago
DJ Industrials	2,013.39*	2,002.25	1,513.53
DJ Transport	855.98*	843.27	686.97
DJ Utilities	221.04*	218.16	172.75
S&P Composite	260.36*	257.28	205.96
LONDON			
FT Ord	1,389.4	1,386.4	1,108.8
FT-SE 100	1,755.60	1,752.3	1,394.5
FT-A All-share	875.74	873.53	672.02
FT-A 500	962.78	959.32	736.23
FT Gold mines	337.5	324.9	300.2
FT-A Long gilt	9.96	9.93	10.59
TOKYO			
Nikkei	18,669.02	18,110.3	12,998.2
Tokyo SE	1,568.90	1,582.4	1,029.90
AUSTRALIA			
All Ord.	1,549.6	1,535.6	1,044.2
Metals & Mins.	765.4	757.5	526.2
AUSTRIA			
Credit Aktien	223.67	224.1	254.770
BELGIUM			
Belgian SE	3,990.40	3,967.8	
CANADA			
Toronto			
Metals & Minls	2,136.5	2,070.5	2,102
Composite	3,243.5	3,178.5	2,817.6
Montreal			
Portfolio	637.26	1,596.9	1,137.84
DENMARK			
SE	–	196.69	2,780.63
FRANCE			
CAC Gen	412.60	407.2	275.3
Ind. Tendance	104.40	102.7	167.1
WEST GERMANY			
FAZ-Aktien	636.42	634.32	689.76
Commerzbank	1,925.10	1,913.5	2,060.5
HONG KONG			
Hang Seng	2,614.87	2,561.7	1,807.94
ITALY			
Banca Comm.	720.04	714.0	459.42
NETHERLANDS			
ANP-CBS Gen	259.10	271.3	102.3
ANP-CBS Ind	2,614.87	264.0	249.1
NORWAY			
Oslo SE	362.66	363.5	397.15
SINGAPORE			
Straits Times	955.96	925.5	638.06
SOUTH AFRICA	Jan 12	Prev	Year Ago
JSE Golds	—	2,068.0	1,235.7
JSE Industrials	—	1,436.0	1,112.3
SPAIN			
Madrid SE	228.47	222.0	104.67
SWEDEN			
J & P	2,295.24	2,370.3	1,861.68
SWITZERLAND			
Swiss Bank Ind	584.90	589.20	594.9
WORLD	Jan 8	Previous	Year ago
MS Capital Int'l	370.4	369.7	253.3

COMMODITIES

(London)	Jan 12	Prev
Silver (spot fixing)	371.90p	365.05p
Copper (cash)	£913.00	£913.4
Coffee (March)	£1,597.50	£1,648.00
Oil (Brent blend)	$18.775	$18.375

CURRENCIES

	US DOLLAR		STERLING	
(London)	Jan 12	Previous	Jan 12	Previous
$	–	–	1.4915	1.4775
DM	1.8905	1.9175	2.82	2.8375
Yen	156.70	158.10	233.75	233.5
FFr	6.2875	6.3975	9.3775	9.4525
SFr	1.5805	1.6045	2.3575	2.37
Guilder	2.1335	2.1655	3.1825	3.20
Lira	1,337.5	1,339.50	1,995	1,359.50
BFr	39.35	39.95	58.70	59.05
C$	1.3665	1.3695	2.0390	2.0215

GOLD (per ounce)

	Jan 12	Prev
London	$411.00	$404.25
Zürich	$411.05	$402.45
Paris (fixing)	$409.89	$403.11
Luxembourg	$410.15	$403.00
New York (Feb)	$410.20	$407.5

INTEREST RATES

	Jan 8	Prev
Euro-currencies (3-month offered rate)		
£	11	11 3/16
SFr	3 15/16	4 3/16
DM	4⅞	4 13/16
FFr	10	11
FT London Interbank fixing (offered rate)		
3-month US$	6 7/16	6¼
6-month US$	6⅛	6 7/16
US Fed Funds	5 15/16*	6 1/16
US3-month CDs	5.70*	6.075
US3-month T-bills	5.43*	5.57

US BONDS

Treasury		January 12*		Prev	
		Price	Yield	Price	Yield
6⅝	1988	100 1/32	6.18	100 1/32	6.181
7⅛	1993	100 22/32	6.873	100 21/32	6.879
7¼	1996	101 14/32	7.024	101 14/32	7.024
7¼	2016	102 13/32	7.298	101 11/32	6.304

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Jan 12 Day's change	Yield	Day's change
1–30	162.34	−0.03	6.82	+0.02
1–10	153.76	+0.00	6.54	+0.02
1– 3	143.15	+0.05	6.22	+0.02
3– 5	156.66	+0.02	6.61	+0.02
15–30	192.90	−0.10	7.71	+0.01

Source: Merrill Lynch

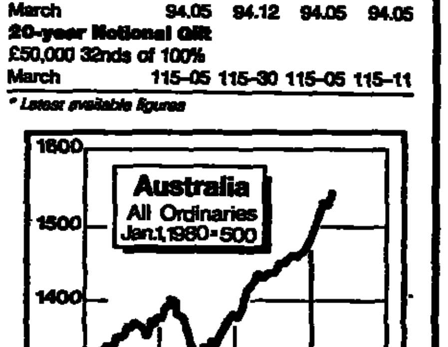
Corporate	January 12*		Prev	
	Price	Yield	Price	Yield
AT & T				
3⅞ July 1990	92.29	6.40	92.122	6.45
SCBT South Central				
10⅞ Jan 1993	106.125	9.537	106.125	9.54
Phibro-Sal				
8 April 1996	100.5	7.920	100	8.00
TRW				
8⅜ March 1996	104.5	8.042	104.5	8.042
Arco				
9⅞ March 2016	112.75	8.666	112.75	8.666
General Motors				
8⅛ April 2016	95.125	8.568	95	8.953
Citicorp				
9⅜ March 2016	104.125	8.960	103	9.079

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	101–09	101–17	100–26	101–19
US Treasury Bills (IMM) $1m points of 100%				
March	94.82	94.86	94.79	94.85
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	94.51
LONDON				
Three-month Eurodollar $1m points of 100%				
March	94.05	94.12	94.05	94.05
20-year Notional Gilt £50,000 32nds of 100%				
March	115–05	115–30	115–05	115–11

* Latest available figures



WALL STREET

Hesitancy proves short-lived

RECOVERING from a hesitant start, Wall Street stock prices edged higher again yesterday on heavy volume, *writes Roderick Oram in New York.*

Credit markets were unsettled by a number of factors including a weaker dollar and prices fell in light trading.

The Dow Jones industrial average closed up 3.51 points at 2,009.42.

Although some form of correction is widely expected soon, busy turnover and modestly rising prices extended the robust New Year rally into its seventh session, its longest unbroken rise in 20 months. Volume remained heavy at 184.9m with advancing stocks outnumbering those retreating by two-to-one.

Among the blue chips, AT&T edged up $⅛ to $25⅝, Boeing added $⅛ to $52, Digital Equipment jumped $3⅛ to $116⅞. IMB lost $1⅛ to $120⅝ and United Technologies fell $⅛ to $47⅞.

Oil stocks were strong as crude prices continued to rise and fighting picked up in the Iran-Iraq war. Exxon gained $1½ to $75⅛, Amoco was up $1⅛ to $71⅞, Chevron added $1⅛ to $50¼ and Standard Oil rose $2 to $57¼.

Investors appetite for second tier stocks was sharper with the American Stock Exchange composite index rising 4.01 points to 287.80. breaking its previous record set on June 25.

The Dow industrial average's rise was retarded by Owens-Illinois' decline of $4⅛ to $51⅛. Its board rejected a buyout proposal at $55 a share and took its own actions to raise shareholders value including plans to buy back up to 20m shares equal to ⅓ of the total.

ICN Pharmaceuticals jumped $2⅝ to $23⅞. It said it was seeking permission for limited use of a drug designed to treat an infection associated with Aids. ICN's share price has been volatile in recent days following reports of its advances in Aids research. On Friday it had a high of $30 and a low of $21.

General Dynamics advanced $1⅛ to $74⅞. Greece awarded it a contract for 40 F-16 fighter aircraft.

Loral gained $⅛ to $40⅞. The military electronics group is buying the aerospace division of Goodyear Tire and Rubber which edged up $½ to $44⅞.

Turner Broadcast System gained $1⅛ to $19⅞ on the American Stock Exchange. The heavily indebted group has invited cable television systems to which it supplies programmes to take equity stakes in it.

Tobacco stocks benefitted from the refusal of the Supreme Court to hear a case concerning health warnings on cigarette packets. US Tobacco gained $⅞ to $47⅞, Lowes advanced $⅞ to $66⅞, Philip Morris added $¾ to $77⅞ and RJR Nabisco rose $1¼ to $56.

USX rose $¾ to $23⅞ on almost 3m shares, making it one of the most active issues. It is close to settling a 24-week strike by steelworkers. Last week, Mr Carl Icahn, the New York investor, dropped his $31 a share bid for it.

E. F. Hutton lost $1 to $41⅞. It said it would report a fourth quarter loss

In credit markets, bond prices turned lower across the board under the influence of a number of negative factors such as a falling dollar in the wake of the European currency realignment, higher oil prices and a higher Fed funds rate.

The price of the benchmark 7.50 per cent Treasury long bond dropped 11/32 of a point to 102 1/32 at which it yielded 7.33 per cent.

The discount rate of three-month Treasury bills eased one basis point to 5.38 per cent while six-month bills slipped one basis point to 5.43 per cent and year bills rose two basis points to 5.45 per cent.

Economic figures due out this week are also hanging over the market. Following the strong employment figures for December released last Friday, analysts are now expecting a number of other measures to show better growth at the end of last year than initially forecast.

Retail sales figures for December due to be issued tomorrow (Weds) could show rapid expansion of around 2½ to 3 per cent while industrial production figures on Friday could be as much as 0.4 per cent higher than the previous month.

The Fed added further to liquidity yesterday by doing three-day system repurchases when the Fed funds rate stood at 6 11/16 per cent. It ended at 6⅛ per cent.

EUROPE

EMS moves meet mixed responses

THE EMS realignment and the weaker dollar were the key influences on European bourses yesterday, with West Germany and the Netherlands finishing lower while France gathered momentum.

Spain, meanwhile, continued its record-setting trend.

Frankfurt fell back after early bargain-hunting had pushed some share prices higher and taken the Commerzbank index up 11.6 to 1,925.1.

Selling set in as the dollar fell below DM 1.90, combining with disappointment over the realignment of the D-Mark to raise fears about German export earnings. Finance Minister Gerhard Stoltenberg told reporters, however, that the realignment would not damage international competitiveness.

Trading activity was moderate, with some investors unwilling to open new positions until after the elections on January 25.

Banks saw Deutsche down DM 10 to DM 769 and Dresdner off DM 4.50 to DM 378, while Commerzbank eased 80 pfg to DM 295.

The dollar-sensitive car sector was mainly lower with Daimler-Benz down DM 9 to DM 1,129 ex-rights and BMW off DM 15 to DM 525. VW lost DM 1 to DM 389, a 12-month low, prior to news of very high 1986 demand. Porsche was steady at DM 990.

Bonds had a quiet session with many investors waiting to see the effect of the EMS changes. Prices showed little movement. The Bundesbank sold DM 21m worth of paper in its daily market-balancing operation after selling DM 80.9m on Friday.

Amsterdam also fell in a nervous session, depressed by the dollar's decline and further fallout from last week's poor corporate results.

Trading was fairly quiet as many investors waited to see if West German interest rates would fall and take Dutch rates down with them.

Paris was cheered not only by the reshuffle within the EMS but also by signs of an end to the public sector strikes.

The state railways predicted a return to normal by today.

Buying was also fuelled by hopes of lower interest rates, now that the tension within the EMS has eased. The French Treasury bill rate fell to 7.94 per cent from 8.68 per cent and Finance Minister Edouard Balladur said West German rates could fall soon. But there have also been suggestions that the franc's problems are not yet over.

Thomson, whose Paris pipemaking plant was devastated yesterday by an unexplained explosion, added FFr 2 to FFr 1,551.

Zurich turned mixed to lower as investors adopted a cautious approach to the EMS realignment and the dollar, while **Brussels** was mixed to slightly higher in a quiet session which saw a small boost to market confidence from the EMS events.

Milan paid little attention to the realignment, closing mainly firmer in fairly active trading.

Stockholm fell across the board in a gloomy reaction to the new budget. The Veckans Affarer all-share index dropped 25.1 to 840.6 and among blue chips Volvo lost SKr 13 to SKr 309.

Oslo eased in lacklustre trading as favourable rates in the credit markets drew funds away from securities.

Madrid saw all sectors gain in a strong advance that took the stock exchange index 6.41 higher to a record 228.47. Leading blue chip Telefonica posted a 3.3 percentage point gain to 180 per cent of nominal market value.

TOKYO

Firmer yen forces downturn

THE CONTINUED firmness of the yen against the dollar forced share prices sharply lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Blue-chip electricals and precision instruments fell almost across the board, along with other market leaders such as pharmaceuticals, domestic demand-related issues and financial stocks.

The Nikkei average shed 141.34 to 18,669.02. Volume shrank to 403m shares from last Friday's 729m. Declines outran advances by 549 to 289, with 145 issues unchanged.

Institutional investors retreated to the sidelines, discouraged by the yen's persistent firmness against the dollar despite the Bank of Japan's dollar-buying and yen-selling market intervention on the Tokyo foreign exchange market yesterday.

Investors were also uncertain about a possible effect of the agreement reached at a meeting of the finance ministers of the European Community in Brussels on a realignment of currencies within the European Monetary System.

Reported moves by Mitsubishi Corp and Kyodo Oil to purchase crude oil from Saudi Arabia at a fixed price of $18 per barrel also depressed buying enthusiasm.

On the trading floor, Morinaga Milk closed Y9 higher at Y596 after gaining Y27 at one stage. But Snow Brand Milk and Meiji Milk fell Y20 and Y9 to Y980 and Y925, respectively.

Nippon Steel topped the active list with 90.83m shares traded, accounting for 22 per cent of total volume. But the issue ended Y3 lower at Y187. Nippon Steel was rumoured to be drawing massive buy orders from institutional investors abroad.

Meidensha Electric came out the second busiest issue with 18.09m shares changing hands. Its popularity reflected investor appraisal of the company's plan to redevelop its former factory site. Meidensha advanced Y30 at one point but came under selling pressure later to finish at Y830, unchanged from last week's close.

Mitsubishi Pencil scored a daily allowable gain of Y100 to Y915, while Kawasaki Kisen rose Y10 to Y182.

Small-lot selling dampened blue-chips. Hitachi and NEC lost Y30 each to Y1,000 and Y1,930 respectively. Matsushita Electric Industrial dropped Y40 to Y1,930, Sony Y60 to Y3,310 and Canon Y15 to Y970.

Their trading volume was thin at 3.91m shares for Hitachi and 1.78m shares for Matsushita.

Pharmaceuticals declined sharply. Yanmouchi Pharmaceutical shed Y130 to Y3,780, affected by European investors' selling.

After four days of rises, bond prices weakened slightly with the yield on the 5.1 per cent government bond maturing in June 1996 ending at 5,160 per cent, unchanged from last week's close.

Major securities houses believe bond prices will not decline sharply because life and nonlife insurance firms as well as financial institutions related to agriculture and forestry were placing small-lot buy orders for bonds carrying coupon rates of 6 per cent and 6.1 per cent.

Most active stocks, Page 39

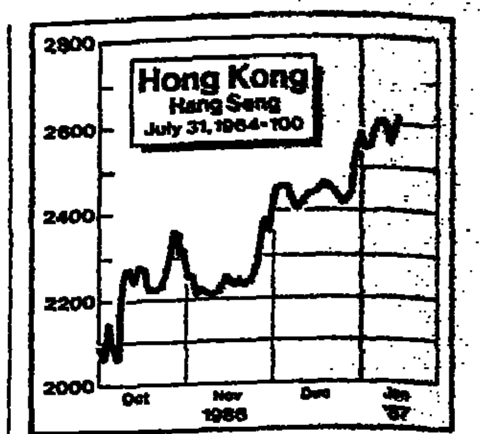
LONDON

THE RECORD-SETTING pace continued in London yesterday although the momentum of the rally appeared to slow. The FT-SE 100 index, up an early 8 points, closed 3.3 higher at a new peak of 1,755.6, its fourth consecutive record, while the FT Ordinary index added 3.0 to 1,389.4.

Oils enjoyed late US support although closing gains were small: Britoil added 2½p to 179½p on 8.9m shares; BP firmed 2p to 758p on 3.5m shares, and Shell was unchanged at £10⅝ on 4m shares.

Gilts started well but prices drifted back in sluggish trade to show gains of ¼.

Chief price changes, Page 39; Details, Page 38; share information service, Pages 36-37



HONG KONG

PERSISTENT institutional demand boosted Hong Kong to another record as the Hang Seng index jumped 53.14 to 2,614.87 and the Hong Kong Index added 33.27 to 1,674.25.

Sentiment was aided by news that a consortium comprising Cheung Kong, Hutchison and Hopewell has proposed a HK$25bn new airport and highway network. Foreign buyers were also active later in the day.

Cheung Kong jumped HK$1.25 to HK$39.75, just below its 12-month high, Hutchison gained HK$1.75 to HK$46.75 and Hopewell at 32½ cents was 3½ cents higher. Other properties gained in sympathy with Wharf Holdings picking up 10 cents to HK$9.20 while Hongkong Land gained 20 cents to HK$7.20.

Banks were busy with Hongkong and Shanghai Bank, the most active stock, hitting a 12-months peak with a 15-cent gain to HK$9.75.

AUSTRALIA

TAKEOVER ACTIVITY continued to propel Sydney to fresh heights as the All Ordinaries index reached another record with a 13.4 rise to 1,549.6. Volume swelled to 123m shares, worth A$247m, with advances outnumbering falls by two to one.

The media sector remained a hotly contested battleground as higher offers for the Herald and Weekly Times and Queensland Press from News Corp and speculation over a fresh counter bid from Mr Robert Holmes à Court whetted investor appetite.

HWT at A$15 was A$1.15 higher, Queensland Press jumped A$2 to A$22, Fairfax put on 5 cents to A$12.10 and News Corp dropped 45 cents to A$18.

SINGAPORE

THE BULLISH mood continued in Singapore as local and foreign institutions bought strongly in brisk trading, pushing the Straits Times industrial index to its highest level for 29 months. The index gained 30.44 from Friday to 955.96, a 12-month-record and the highest point since it reached 963.07 in August 1984.

No new factors emerged to explain the rise but at the same time there was nothing to depress the positive sentiment.

Blue chips and banks did best from the buying, with Genting up 25 cents to S$6.95, Haw Par gaining 16 cents to S$3.34, Sime Darby 13 cents ahead to S$2.28 and Singapore Airlines up 30 cents to S$9.85.

SOUTH AFRICA

GOLDS were catapulted to record highs in Johannesburg as the bullion price topped $410. Strong domestic and international support stemmed from the uncertain foreign exchange movements of recent days, according to brokers. The stock exchange All-Gold index surged to a record 2,117.

Free State Consolidated jumped R3.50 to R58 and Driefontein closed R1 higher at R75.75.

CANADA

OIL AND GOLD issues spearheaded the rally in Toronto despite the mixed early tone on Wall Street.

The higher bullion price supported a C$1¼ gain to C$31⅞ for Lac Minerals as International Corona rose C$1 to C$32⅞. Campbell Red Lake at C$29⅝ was C$1 higher.

Higher US crude oil prices triggered a C$⅝ advance to C$53⅞ for Imperial Oil Class A as Texaco firmed C$½ to C$33⅝. Industrials followed the resource-inspired rally.

In Montreal utilities slipped as banks and industrials staged a solid advance.